Alberta

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Advanced Education and Technology

Annual Report
2009-10

Government of Alberta

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Advanced Education and Technology

Annual Report 2009-10

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Public Accounts 2009-10 – Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 24, 2010 contains Ministers' accountability statements, the consolidated financial statements of the Province and the Measuring Up report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Advanced Education and Technology contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Advanced Education and Technology, regulated funds and provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2010 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 7, 2010 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Doug Horner

Doug Horner
Minister of Advanced Education and Technology

Message from the Minister

I am pleased to present the 2009-10 Annual Report for the Ministry of Advanced Education and Technology. This report summarizes the Ministry's significant achievements during the past fiscal year and our efforts to ensure services to Albertans are as efficient as possible in an effort to lower the deficit and improve the government's fiscal position.

In 2009-10, the Ministry, together with our stakeholders, partners and agencies, made great strides to create accessible, affordable, high-quality learning opportunities for Albertans and to support research excellence, innovation and technology commercialization in Alberta by:

- Launching the realigned research and innovation system, Alberta Innovates, to build on Alberta's research and innovation strengths in priority areas and make the province more competitive in a global economy.
- Releasing the 2009 Alberta Access Planning Framework to promote collaboration among post-secondary institutions and help ensure Alberta's advanced learning system continues to be responsive and accessible.
- Implementing strategies identified in Alberta's Action Plan: *Bringing Technology to Market* and launching the Alberta Innovates Connector Service to help the province become a globally preferred destination for innovative technology and knowledge-based product and service development.
- Launching the Campus Alberta Administrative Governance Framework to further collaborative initiatives in the advanced learning system in support of Campus Alberta objectives.
- Providing funding to over 200 literacy services, programs and Community Adult Learning Councils in communities across the province.
- Promoting skilled trades and technology careers to Alberta youth by supporting a successful international skills competition – WorldSkills Calgary 2009.
- Creating more than 3,000 new certificate, diploma and degree spaces at post-secondary institutions, including more than 1,100 new spaces in high demand, health-related areas.
- Awarding a record $71.5 million in scholarships recognizing the excellence of Alberta students.

Alberta's future economic and social success depends on a highly skilled workforce and knowledgeable citizenry. Toward that end, our Ministry will continue maintaining the momentum we have built through our strategic initiatives and investments, and working closely with our partners and stakeholders to build a bright future for Albertans.

Doug Horner

Doug Horner
Minister of Advanced Education and Technology

Management's Responsibility for Reporting

The Ministry of Advanced Education and Technology includes:

- the Department of Advanced Education and Technology,
- the Access to the Future Fund,
- the Alberta Enterprise Corporation,
- Alberta Innovates – Bio Solutions,
- Alberta Innovates – Energy and Environment Solutions,
- Alberta Innovates – Health Solutions,
- Alberta Innovates – Technology Futures, and
- the Public Post-Secondary Institutions.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Advanced Education and Technology. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The performance measures are prepared in accordance with the following criteria:

- Reliability – Information agrees with the underlying data and with the sources used to prepare it.
- Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- Completeness – Performance measures and targets match those included in Budget 2009. Actual results are presented for all measures.

Management's Responsibility for Reporting (continued)

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and Enterprise, and the Minister of Advanced Education and Technology any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

A. Trimbee

Annette Trimbee
Deputy Minister of Advanced Education and Technology
September 7, 2010

Results Analysis

Ministry Overview

Auditor General's Report

Discussion and Analysis of Results

Financial Highlights

Ministry Overview

Ministry Mandate

Advanced Education and Technology leads the development of Alberta's knowledge-driven future by building a dynamic and integrated advanced learning and innovation system. The Ministry recognizes that in the province's knowledge-driven future, people are the foundation for idea creation, competitiveness, growth and societal well-being. As well, the Ministry ensures a continuum between learning and innovation by supporting learners, researchers, and entrepreneurs.

Advanced Education and Technology provides strategic leadership for Alberta's advanced learning and innovation system and engages learners, industry and community in learning opportunities by:

- Building a globally recognized, quality advanced learning system. The Ministry funds advanced learning providers, works with public post-secondary institutions and private providers to create learning opportunities, supports adult learners, and rewards student excellence through scholarships and awards.
- Creating a learner-centered, affordable advanced learning system that is accessible to Albertans. The Ministry funds learners, provides student financial aid and works with community adult learning organizations, public post-secondary institutions, private providers, industry, and employer and employee organizations to support lifelong learning.
- Supporting excellence in research, innovation and commercialization in the province. The Ministry coordinates, funds and promotes research, development and innovation in key areas of bio-industries, energy and environment, and health. The Ministry also supports the creation and establishment of new technology companies in key emerging industries.

The Ministry's mandate will be achieved through collaboration with Campus Alberta and Alberta Innovates partners and stakeholders, described below.

Campus Alberta

Campus Alberta consists of Alberta's advanced learning system partners collaborating to ensure all Albertans have the opportunity to participate in lifelong learning through flexible learning pathways. Campus Alberta partners include publicly funded post-secondary institutions and the apprenticeship and industry training system working to create accessible, affordable and quality learning opportunities for Albertans. Private providers, community-based organizations and industry also provide diverse learning opportunities within Campus Alberta to ensure Alberta's advanced learning system meets the lifelong learning needs of all Albertans.

Alberta Innovates

Alberta Innovates consists of the Alberta Research and Innovation Authority, and four provincially funded corporations:

- Alberta Innovates – Bio Solutions,
- Alberta Innovates – Energy and Environment Solutions,
- Alberta Innovates – Health Solutions, and
- Alberta Innovates – Technology Futures.

Alberta Innovates works with key innovation support agencies, publicly funded post-secondary institutions, industry and government to further research and innovation in the province and make Alberta more competitive in the global economy.

Ministry Structure

The Ministry collaborates with learning providers, advisory boards, councils, authorities and innovation support agencies to fulfill its mandate of creating accessible, affordable, quality learning opportunities and fostering support for innovation and commercialization activities.

Entities included in Ministry Financial Statements

Ministry	Department of Advanced Education and Technology		
	Funds and Corporations		Access to the Future Fund
			Alberta Enterprise Corporation
			Alberta Innovates – Bio Solutions
			Alberta Innovates – Energy and Environment Solutions
			Alberta Innovates – Health Solutions
			Alberta Innovates – Technology Futures
	Public Post-Secondary Institutions	*Comprehensive Academic and Research Institutions*	University of Alberta
			University of Calgary
			University of Lethbridge
			Athabasca University
		Baccalaureate and Applied Studies Institutions	Grant MacEwan University
			Mount Royal University
		Polytechnical Institutions	Northern Alberta Institute of Technology
			Southern Alberta Institute of Technology
		Comprehensive Community Institutions	Bow Valley College
			Grande Prairie Regional College
			Keyano College
			Lakeland College
			Lethbridge College
			Medicine Hat College
			NorQuest College
			Northern Lakes College
			Olds College
			Portage College
			Red Deer College
		Specialized Arts and Culture Institutions	Alberta College of Art + Design
			The Banff Centre

For more information on the Ministry of Advanced Education and Technology see **aet.alberta.ca**
Websites for Funds and Corporations are listed on page 153.
Websites for Public Post-Secondary Institutions are listed on page 154.

Advisory Boards, Councils and Authorities

Access Advisory Council
Alberta Apprenticeship and Industry Training Board
Alberta Council on Admissions and Transfer
Alberta Research and Innovation Authority
Campus Alberta Quality Council
Students Finance Board

Websites for these entities are listed on page 153.

Restructuring of the Research and Innovation System

Four Alberta Innovates corporations and the Alberta Research and Innovation Authority were created January 1, 2010 by the *Alberta Research and Innovation Act* and Regulation. These entities support a more coordinated and flexible innovation environment in the province through improved networking and support for new ideas and enterprises.

Alberta Innovates	*comprising the former*
Alberta Innovates – Bio Solutions	Alberta Prion Research Institute
	Alberta Agricultural Research Institute
	Alberta Life Sciences Institute
	Alberta Forestry Research Institute
Alberta Innovates – Energy and Environment Solutions	Alberta Energy Research Institute
	Alberta Water Research Institute
Alberta Innovates – Health Solutions	Alberta Heritage Foundation for Medical Research
Alberta Innovates – Technology Futures	Alberta Research Council Inc.
	nanoAlberta
	iCORE Inc.
	Alberta Ingenuity Fund

For more information on Alberta Innovates see **www.albertainnovates.ca**

Alberta Innovates – Health Solutions includes, as a wholly owned subsidiary, the Alberta Foundation for Health Research, which was formerly a wholly owned subsidiary of the Alberta Heritage Foundation for Medical Research.

Alberta Innovates – Technology Futures includes, as a wholly owned subsidiary, C-FER Technologies (1999) Inc., which was formerly a wholly owned subsidiary of Alberta Research Council Inc.

AUDITOR
GENERAL
Alberta

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" included in the *Ministry of Advanced Education and Technology's 2009-10 Annual Report*. These performance measures are prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with sources used to prepare it.
- Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- Completeness – Performance measures and targets match those included in Budget 2009. Actual results are presented for all measures.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to my office by the Ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the Ministry's 2009-10 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
August 27, 2010

Discussion and Analysis of Results

Core Business 1 **Provide strategic leadership towards an integrated advanced learning and innovation system in Alberta**

Goal 1 **Alberta's integrated advanced learning and research system is aligned with learner and labour-market demand and serves the needs of a knowledge-based society**

	Performance Measures	Previous Years' Results				Current Results	*Targets*	Endnotes	pg
*	**Public satisfaction that adult Albertans can access education or training** *indicates the accessibility and availability of advanced learning opportunities.*	79% 2005-06	79% 2006-07	79% 2007-08	79% 2008-09	75% 2009-10	*80%* ✗	A	145
	Percentage of transfers where post-secondary graduates with prior learning had received the transfer credit they expected *indicates the ability of the advanced learning system to help students achieve desired outcomes. Additionally, the measure offers insight into collaborative transfer arrangements between Alberta's post-secondary institutions.*	91% 2005-06	n/a[1]	87% 2007-08	n/a[1]	88% 2009-10	*90%+* ✓	A B I	144 146 148
	Proportion of recent graduates who agree that the program they graduated from was worth the financial cost *indicates the ability of the advanced learning system to help students achieve desired outcomes. Additionally the measure offers insight into graduates' perceptions of quality and cost at Alberta's post-secondary institutions.*	83% 2005-06	n/a[1]	84% 2007-08	n/a[1]	86% 2009-10	*85%* ✓	A B J	144 146 148

* ***Reviewed by the Office of the Auditor General***

The performance measures indicated with asterisks were selected by Ministry management for review by the Office of the Auditor General based on the following criteria established by government:

- Enduring measures that best represent the goal and mandated initiatives,
- Measures that have well established methodology and data reporting,
- Measures that have outcomes over which the government had a greater degree of influence, and
- Each goal has at least one reviewed performance measure.

Target exceeded ▲
Target met ✓
Target not met ✗
No target set ○

Targets are considered to have been met if the result falls within 5% of the target value.

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[1] The Post-Secondary Graduate Outcomes Survey is conducted every other year.

Goal 1 *Discussion and Analysis of Results*

Government has continued to make progress toward a sustainable, aligned, and integrated advanced learning and innovation system that responds to learner and labour market demands and serves the needs of a knowledge-based society. In 2009-10, Advanced Education and Technology strongly supported this goal through policy and legislation, funding for institution infrastructure and operations, partnerships, and collaboration.

An important achievement this year was the launch of Alberta Innovates with the proclamation of the *Alberta Research and Innovation Act*, designed to develop a collaborative, dynamic, and accessible research and innovation system. Alberta Innovates includes four provincially funded corporations and the Alberta Research and Innovation Authority, and is Advanced Education and Technology's primary mechanism to advance the research and innovation priorities of the Government of Alberta for the province's social, economic and environmental benefit. The new corporations (Alberta Innovates – Bio Solutions, Alberta Innovates – Energy and Environment Solutions, Alberta Innovates – Health Solutions, and Alberta Innovates – Technology Futures) work with key innovation support agencies, publicly funded post-secondary institutions, industry and government to further research and innovation in the province and make Alberta more competitive in the global economy.

In the advanced learning system, Campus Alberta made significant strides this year with the launch of the Campus Alberta Administrative Governance Framework. This framework sets parameters for Campus Alberta Administration, which will pursue operational efficiencies and establish greater synergies for the Campus Alberta system. The Ministry also released the 2009 Alberta Access Planning Framework to support planning and promote collaboration among post-secondary institutions, and launched the International Education Framework to provide a roadmap that ensures international education activities are strategic and sustainable.

The Ministry helped ensure the advanced learning system responds to learner and labour market needs with $269 million directed through the Enrolment Planning Envelope for program expansion at Alberta's public post-secondary institutions, including apprenticeship programming. The Ministry also provided $45 million through the Access to the Future Fund (AFF), which supports a wide variety of initiatives that enhance accessibility, affordability and quality in Alberta's advanced learning system, and provides project funding to support leading-edge initiatives with the potential to have a transformative impact on Alberta's advanced learning system. The total AFF amount includes $42 million to match private donations provided to post-secondary institutions, $1.9 million in grants for initiatives to increase collaboration and participation in the advanced learning system, and $1.1 million in grants to six Aboriginal colleges to build capacity and expand access for Aboriginal learners.

Sustainability is a critical element in the integration and alignment of Alberta's advanced learning and innovation system. The government has provided $1.75 billion in base operating grants to the province's post-secondary institutions to support instruction and operating costs. This amount included a 6% rate increase over 2008-09 base grant rates. As well, the Ministry provided $702 million to support the expansion and preservation of post-secondary facilities, including $540 million for expansion and $162 million for capital maintenance and renewal.

Engaging Aboriginal learners is important to Alberta's long-term success in developing a knowledge-based economy accessible to all citizens. A new partnership was launched this year—the First Nations, Métis, and Inuit (FNMI) Education Partnership Council—which, together with the Ministry of Education, the Ministry of Aboriginal Relations, and FNMI stakeholders, will identify and coordinate strategic actions to improve the educational success of Aboriginal students.

This year, the Ministry helped to implement key tools supporting an accessible and responsive advanced learning system. In particular, the Ministry worked with the Alberta Post-Secondary Application System (APAS) Society to implement a single web-access portal for applications to all publicly funded post-secondary institutions. APAS has been adopted by 18 institutions across the province to date.

Public satisfaction that adult Albertans can access education or training remains high at 75%, but lower than the Ministry's target of 80% for 2009-10. Although the perception of accessibility has declined somewhat, total enrolments at Alberta's publicly funded post-secondary institutions have increased continuously for the last five years, reaching a total of 264,291 full-time and part-time enrolments in the 2008-09 academic year—the highest number ever. Also, the Ministry increased funding awarded to full-time post-secondary learners in 2009-10: 46,315 students were supported, 23% more than the previous year. The Ministry continues to strive to make the advanced learning system more accessible and responsive to Albertans through Campus Alberta and student finance strategies.

Policy supporting system sustainability, integration, and alignment with learner and labour market needs is aimed at enabling the province to compete in a global context. To support continued success, Advanced Education and Technology must continue to leverage existing investments and promote successful collaboration across the advanced learning and innovation system. Further alignment will maximize the system's capacity and responsiveness to economic conditions by fostering collaboration, innovation, and sustainability. In this way, the Ministry will work to ensure that the advanced learning and innovation system continues to meet the needs of learners, researchers, and entrepreneurs.

Core Business 2 Develop highly skilled and qualified people by fostering a culture of learning

Goal 2 Alberta's advanced learning system fosters a culture of learning and meets the needs of Albertans, society and the next generation economy

Performance Measures	Previous Years' Results				Current Results	*Targets*	Endnotes	pg
International visa students registered at Alberta post-secondary institutions *indicates the province's success in attracting international students.*	8,183[1] 2004-05	9,042[1] 2005-06	9,430[1] 2006-07	9,804[1] 2007-08	11,840 2008-09	*10,000* ▲	D E	147 147
Satisfaction of recent post-secondary graduates with the overall quality of their educational experience *indicates the system's ability to help students achieve desired outcomes. This is one of the indicators used by the Ministry to assess institutional performance.*	90% 2005-06	n/a[2]	91% 2007-08	n/a[2]	91% 2009-10	*90%+* ◀	A B	144 146
* **Satisfaction of recent apprenticeship graduates with:**								
on-the-job training *indicates the quality of the apprenticeship training system and its ability to meet learner needs in terms of relevancy of the training content, teaching ability of instructors, adequacy of equipment, and whether the training is current and up-to-date with trade practices.*	n/a[3]	93% 2006-07	n/a[3]	92% 2008-09	n/a[3]	*n/a*[3] ○	A B	144 146
technical training	n/a[3]	94% 2006-07	n/a[3]	94% 2008-09	n/a[3]	*n/a*[3] ○		
Public agreement that programs, classes or courses are offered in locations (including online) that are easily accessible *indicates public perceptions about the accessibility of the advanced learning system.*	77% 2005-06	77% 2006-07	76% 2007-08	74% 2008-09	72% 2009-10	*78%* ✗	A B K	145 146 148
* **Proportion of Albertans aged 18-34 participating in post-secondary education** *helps indicate Alberta's social and economic well-being since post-secondary participation correlates to employment and earning power.*	19% 2005	18% 2006	17% 2007	16% 2008	17% 2009	*17%* ◀	C	146
High school to post-secondary transition rate of students within 10 years of entering Grade 10 *indicates the system's ability to attract high school students to post-secondary learning.*	n/a[4]	n/a[4]	65.2%[5] 2006-07	67.3% 2007-08	68.2% 2008-09	*73%* ✗	F	147
New apprentices registered (five-year average) *is a measure of the system's ability to attract new entrants into trades and address critical skill shortages.*	13,886 2005	15,879 2006	17,804 2007	19,986 2008	20,755 2009	*20,000* ◀	G	148
Aboriginal learners participating at post-secondary institutions *helps indicate the system's ability to attract diverse learners.*	6,236[1] 2004-05	7,383[1] 2005-06	7,515[1] 2006-07	7,511[1] 2007-08	8,355 2008-09	*7,800* ▲	D H	147 148
Ratio of total debt at graduation to income two years after graduation *helps indicate the overall affordability, accessibility and quality of the advanced learning system. Note: These results reflect only graduates reporting education-related debt.*	36.6% 2005-06	n/a[2]	32.7% 2007-08	n/a[2]	35.9% 2009-10	*33%* ✗	A B L	144 146 149
Scholarship dollars per full-time student studying in Alberta *reflects the system's ability to recognize achievement and excellence throughout the learning process.*	$260[1] 2004-05	$296[1] 2005-06	$305[1] 2006-07	$327[1] 2007-08	$406 2008-09	*$420* ◀	D M	147 149

* *Reviewed by the Office of the Auditor General*
See page 10 for criteria used to select measures for review.

Target exceeded ▲
Target met ◀
Target not met ✗
No target set ○

Targets are considered to have been met if the result falls within 5% of the target value.

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1 Restated. All measures derived from LERS data have been restated because of an updated methodology using Alberta Student Number (ASN) values, which was instituted since targets were set. This methodology change has made targets for LERS-derived measures less relevant than they would otherwise be.

2 The Post-Secondary Graduate Outcomes Survey is conducted every other year.

3 The Survey of Graduates of the Apprenticeship System is conducted every other year.

4 The 10-year time frame for this transition measure was introduced this year. Only three years of historical data are available.

5 Restated. The 2006-07 result published in the 2009-12 Ministry business plan was 67.5%, but a methodology change since then produced the new result of 65.2%.

Goal 2 ***Discussion and Analysis of Results***

To meet Alberta's social and economic needs over the long term, the province's advanced learning system aims to develop a culture of learning and produce highly skilled and qualified people. Advanced Education and Technology has worked to achieve this goal by ensuring a variety of quality, affordable learning opportunities are accessible to Albertans through the provision of funding, policy, infrastructure, and awareness initiatives.

A key aspect of enhancing accessibility is maintaining an affordable advanced learning system that is responsive to diverse learner needs. Learners in Alberta's changing economic and social environment require a variety of supports and ways to access learning and training opportunities. The advanced learning system must be able to respond to the needs of diverse learners by ensuring adequate financial assistance is provided to those who need help meeting their basic learning and living costs. To that end, a comprehensive review of Alberta's student financial assistance program is currently underway, aiming to ensure financial need is not a barrier for Albertans who aspire to pursue post-secondary education. The review completed its first phase in 2009-10, and work continues to ensure the program can accommodate learner needs while remaining accountable to Alberta taxpayers. The Ministry also works with the federal and other provincial governments to enhance access to student financial assistance for Alberta students through simplified materials, technology, policies, and support services.

To further support affordable access, the Ministry awarded funding to 46,315 full-time post-secondary learners, including $62 million in provincial grants and bursaries and $164 million in Alberta Student Loan disbursements. This year showed an increased ratio of total debt-to-income for graduates surveyed two years after graduation, indicating increased education-related debt for those graduates. It is likely that the global economic downturn in the last year has affected this result. The Ministry's commitment to recognizing the achievement of student excellence was also reflected in a record $71.5 million investment in scholarships to over 34,000 Alberta students. This total amount included approximately $22 million awarded in graduate scholarships to foster the development of new researchers and over 700 scholarships awarded to registered apprentices. This funding helps learners meet their learning goals, and also helps the province meet the social and economic needs of a knowledge-driven future, one reliant on knowledgeable and highly qualified people.

Key to the Ministry's efforts is a strong advanced learning system that ensures access to a full range of quality advanced learning opportunities through flexible learning pathways, from community-based non-credit learning to post-secondary learning (including degree programs, apprenticeship training and other certificate and diploma programs). Increasing access and participation in advanced learning is an investment in the future of Alberta – an investment with the potential for substantial returns for the province.

In 2009-10, labour market demand was high for qualified graduates in health sciences, trades, and technology fields, and learner demand mirrored that pattern. By working to increase access and encourage learners to pursue training in these areas, the province aligns the advanced learning system with those needs and positively affects Alberta's labour outlook. To this end, funding was provided for more than 3,000 new certificate, diploma and degree spaces at post-secondary institutions, including more than 1,100 new spaces in health programs. The Ministry also leveraged the success of WorldSkills Calgary 2009 to showcase skilled trades and technology careers to approximately 160,000 spectators. A $16 million investment in equipment for the competition was subsequently distributed to secondary and post-secondary learning facilities, leaving a legacy for Alberta's youth. The Ministry also implemented the Aboriginal Action Plan to facilitate Aboriginal participation in apprenticeship and industry training.

Several Ministry initiatives and measures illustrate the province's progress in building people capacity and developing a culture of learning in Alberta. Recent global economic uncertainty creates some capacity challenges for the advanced learning system. Participation rates for Albertans aged 18-34 rose by one percentage point this year to 17%. Learners who have previously left the education system to pursue employment have historically returned to the system during times of economic uncertainty. Other learners may delay entry into the labour market, preferring to continue their studies until the economic and employment outlook improves.

Goal 2 **Discussion and Analysis of Results** (continued)

The Ministry's work in attracting and retaining international students demonstrates the government's commitment to ensuring Alberta's quality advanced learning system is globally recognized to help secure long-term social and economic benefits for the province. In 2008-09, the number of international visa students registered at Alberta's post-secondary institutions was 11,840, exceeding the Ministry's target of 10,000. Results may reflect the good reputation of Alberta's post-secondary institutions internationally and improved data capture methods.

As well, Alberta's transition rate of students moving from high school to post-secondary education helps describe movement towards a culture of learning in the province. This rate has risen over the last three years from 65.2% to 68.2%, but this year fell short of the 73% target. The Ministry is striving to increase participation rates in post-secondary learning, and in certain areas, rates are improving: for example, self-identified Aboriginal learners participating at post-secondary institutions rose to 8,355 in 2008-09, exceeding the Ministry's target of 7,800.

However, fostering a culture of learning in the province involves more than formal post-secondary training: it depends on continuous learning at many levels and in many settings. This year, the Ministry supported the Innovative Communities Connecting and Networking (ICCAN) initiative connecting Community Adult Learning Councils, literacy organizations and volunteer centres via videoconferencing to increase collaborative training opportunities, especially in rural and remote communities. The Ministry also provided funding to a total of 208 literacy services, programs, and Community Adult Learning Councils in over 200 communities. Public agreement that programs, classes or courses are offered in locations (including online) that are easily accessible remains high at 72%; however, this result misses the Ministry target of 78%. While the perception of accessibility has declined 2% from the previous year, regional post-secondary participation rates have not changed significantly and more qualified applicants were accepted (5% fewer turn-aways system wide) during that period. These indicators suggest that Albertans are consistently accessing learning opportunities around the province, and that the system is meeting learner demand. Nonetheless, the Ministry continues working to make programs and courses increasingly available across the province through a variety of means, including community and online learning initiatives.

Central to the development of a knowledge-based and innovative province is people with the right knowledge and skills, as they will be the most important resource in Alberta's knowledge-driven future. The province's ability to seize new opportunities is dependent on a population that can fully participate in society and the economy. This means building a culture of lifelong learning where everyone understands the value and benefits of learning. It means ensuring the advanced learning system is positioned to respond to a rapidly changing society and economy by addressing the needs of diverse learners and breaking ground in new learning pathways.

Core Business 3 Support research and its application and commercialization to grow a more diverse Alberta economy and knowledge-based society

Goal 3 Alberta's research capacity supports excellence in research and innovation in strategic areas

Performance Measures	Previous Years' Results				Current Results	*Targets*	Endnotes	pg
Total sponsored research revenue attracted by Alberta universities ($M) *indicates the research capability, capacity and competitiveness of Alberta's universities (comprehensive academic and research institutions), and helps the Ministry understand the province's progress in research and innovation.*	683.4[1] 2004-05	661.5[1] 2005-06	719.3[1] 2006-07	760.9[1] 2007-08	791.2 2008-09	*760.9* ✓	Q	151
Total sponsored applied research revenue attracted by Alberta technical institutes and colleges ($M) *indicates the research capability, capacity and competitiveness of Alberta's technical institutes and colleges, and helps the Ministry understand the province's progress in research and innovation.*	1.3 2004-05	3.7[2] 2005-06	5.8 2006-07	6.7 2007-08	13.4 2008-09	*5.8* ▲	R	151
Graduate students studying in Alberta *is an indicator of Alberta's progress in developing a knowledge-based economy.*	16,626[3] 2004-05	17,408[3] 2005-06	17,744[3] 2006-07	17,938[3] 2007-08	18,574 2008-09	*19,100* ✓	D S	147 151
Percentage of graduate students studying in priority areas *is an indicator of Alberta's research and innovation capacity in areas of focus.*	32% 2004-05	32% 2005-06	33% 2006-07	33% 2007-08	33% 2008-09	*32%* ✓	D T	147 151

Reviewed by the Office of the Auditor General

See page 10 for criteria used to select measures for review.

Target exceeded ▲
Target met ✓
Target not met ✗
No target set ○

Targets are considered to have been met if the result falls within 5% of the target value.

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1 Restated. Previously, data were collected direct from institutions; now, data published for this measure come from CAUBO's *Financial Information of Universities and Colleges* report.

2 Restated. A reporting error in 2005-06 data has been corrected.

3 Restated. All measures derived from LERS data have been restated because of an updated methodology using Alberta Student Number (ASN) values, which was instituted since targets were set. This methodology change has made targets for LERS-derived measures less relevant than they would otherwise be.

Goal 3 ***Discussion and Analysis of Results***

Research capacity lays the foundation for innovation in Alberta, and leads the way to a more diverse, knowledge-based economy. A globally competitive society needs a strong and sustainable research and innovation system: one that supports research, enhances research capacity, and facilitates strategic investments in research organizations. The Ministry supported a strong and sustainable research and innovation system in Alberta this year through policy, funding, and the creation of new research facilities and programs.

A significant Ministry achievement this year towards strengthening Alberta's research capacity was launching Alberta Innovates, a realigned research and innovation system positioned to build on Alberta's strengths in priority areas and make the province more competitive in a global economy. To further our progress towards an aligned research and innovation system, the Alberta Research Capacity Planning Framework (ARCPF) was developed in coordination with the Alberta Access Planning Framework and Alberta Innovates corporations. The ARCPF is designed to coordinate planning, prioritize research investments, and support the sustainable and effective use of research resources for the benefit of Albertans. In addition to this overarching framework, the Ministry implemented strategies aimed at priority areas including bio-industries, energy and environment, health, and technology commercialization, that will help Alberta achieve excellence and secure a globally competitive advantage in these areas. In collaboration with the Ministry of Health and Wellness, Advanced Education and Technology supported the development of Alberta's Health Research and Innovation Strategy, which will provide a strategic approach to health research investment. As well, the Ministry continued to implement the Alberta Information and Communications Technology (ICT) Strategy to provide ICT support for research and industry development in key areas. These initiatives coordinate the province's support for research so that effort is directed effectively and sustainably.

Goal 3 **Discussion and Analysis of Results** (continued)

Government's dedication to building Alberta's research and innovation capacity continued this year with funding to a number of programs supporting research and its application in fields of strategic benefit to Alberta's future. This year the Ministry committed $44.2 million over four years through the Alberta Science and Research Investments Program (ASRIP) for 18 projects that promote research excellence, innovation capacity, and initiatives in priority areas. As well, $6.8 million over two years has been committed for equipment for new labs through the Small Equipment Grants Program (SEGP) for 29 research projects aligned with Alberta's innovation priorities. At the end of its second year of operations, the NanoWorks Program has approved over $11 million for 11 projects that will expand Alberta's research capacity in nanotechnology and develop new commercial applications based on that research. This continued investment and support for enhanced research excellence demonstrates the government's commitment to building a prosperous and innovative province.

The quality, responsiveness, and sustainability of Alberta's advanced learning and innovation system will be key to positioning Alberta as a competitive jurisdiction in a global context. The Ministry's leadership and support for research excellence at Alberta post-secondary institutions this year has produced several new collaborative, value-added research facilities and programs that significantly advance key strategic priorities: health, sustainable production, and advanced energy and gas technology. Additionally, the post-secondary system continued to attract funding into the province, contributing to the growth of a diverse economy. This year, sponsored research revenue at Alberta's comprehensive academic and research institutions increased by $30.3 million to $791.2 million. In addition, sponsored applied research revenue attracted by Alberta technical institutes and colleges rose to $13.4 million, far exceeding the Ministry's target of $5.8 million. This dramatic increase is attributable to increased investment in research capacity in the college and technical institute sector by the provincial and federal governments.

The current economic environment demonstrates the importance of building a vibrant and diverse economy that is less susceptible to natural resource revenue fluctuations. The Ministry's strategic leadership and investment over recent years have positioned Alberta's advanced learning and innovation system for success, maximizing the system's capacity and responsiveness to economic conditions and continuing our progress toward a knowledge-driven future.

Collaboration across the research and innovation system will be critical to establishing the province globally as a destination of choice for partnerships and cooperation in priority areas. By working together with Alberta Innovates corporations, the Alberta Research and Innovation Authority, partners, and stakeholders, the province is becoming well positioned to derive significant economic, social and environment benefits for Albertans through focused investment in research and innovation.

Core Business 3 Support research and its application and commercialization to grow a more diverse Alberta economy and knowledge-based society

Goal 4 Value captured from research and innovation drives Alberta's future success in the next generation economy

Performance Measures	Previous Years' Results				Current Results	*Targets*	Endnotes	pg
Alberta business expenditures on research and development ($M) *provides an indication of the business climate for industrial research, which has the potential to produce innovative ideas, products and processes that can yield significant economic and social benefits for the province.*	864[1] 2003	1,122[1] 2004	1,193[1] 2005	1,242[1] 2006	1,178 2007	*1,173* ✓	P	150
Albertans employed by companies in priority areas:								
as a number *These indicators demonstrate Alberta's economic growth and diversification into high-tech or knowledge-based sectors.*	122,900 2005	127,800 2006	138,500 2007	140,100 2008	135,900 2009	*140,100* ✓	N	149
as a percentage of Albertans employed in all companies	6.9% 2005	6.8% 2006	7.1% 2007	7.0% 2008	6.8% 2009	*7.3%* ✗		
Percentage of Canadian venture capital invested in Alberta *helps indicate the capacity available to support innovation and knowledge industry growth.*	2.9% 2005	1.3% 2006	2.4% 2007	5.3% 2008	7.0% 2009	*3.0%* ▲	O	150

Reviewed by the Office of the Auditor General

See page 10 for criteria used to select measures for review.

Target exceeded ▲
Target met ✓
Target not met ✗
No target set ○

Targets are considered to have been met if the result falls within 5% of the target value.

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[1] Restated. Historical data is regularly revised by Statistics Canada to reflect new data available on business expenditures on research and development in Alberta.

Goal 4 *Discussion and Analysis of Results*

Alberta's future growth and prosperity requires a diverse, innovative, productive, and knowledge-based economy. Economic success depends on capturing value from research and innovation and attracting, developing, and retaining successful knowledge-based companies. The Ministry is leading the province towards this future by fostering business opportunities, attracting corporate investments and venture funding, and adopting policies conducive to the commercialization of new knowledge.

Building and developing knowledge-based industries is important to Alberta's long-term success in today's competitive, global environment. To help the province become a globally preferred destination for turning ideas into products and services, the Ministry implemented strategies identified in Alberta's Action Plan: *Bringing Technology to Market*, including the Innovation Voucher Pilot Program awarding $11 million in vouchers to help entrepreneurs develop their ideas. Other strategies included the creation of business development and product commercialization centres, and support for the Youth Technopreneurship Program with $220,000 in funding to support nine business plan competitions for youth.

Another significant achievement this year was launching the Alberta Innovates Connector Service, providing one-window access to Alberta's research and innovation network. In its first three months of operation, the service worked with over 200 clients to guide innovative businesses, entrepreneurs, researchers, investors, business service providers, and others through Alberta's research and innovation network. The Connector Service promotes a client-oriented culture by supporting accessible, effective client support and connections to the most appropriate programs or services.

This year, the Ministry promoted a supportive investment environment for innovation companies through several programs, frameworks, and activities. Partnering with the federal government through Western Economic Diversification Canada, the Ministry launched the Alberta International Business Partnering Program (AIBPP) to expand the international market reach of firms in the life sciences and information and communications technology sectors. The AIBPP will provide highly focused information and training to build partnerships between Alberta and target markets. As well, the Post-Secondary Industry Collaboration Framework has been developed to establish processes helping the Ministry and post-secondary institutions work together effectively to attract, retain and develop relationships with key industry partners. The anticipated outcome is industry-relevant, collaborative research that contributes to and accelerates technology commercialization in Alberta.

To encourage an investment environment supportive of technology industries, the Ministry conducted a number of international missions and signed international agreements on science and technology collaboration. Through strategies identified in Alberta's Action Plan: *Bringing Technology to Market*, and by increasing access to training in priority areas, the province is working to meet current and long-term labour and economic needs. Indicators of Alberta's economic diversification into high-tech and knowledge-intensive areas include the number and relative percentage of Albertans employed by companies in priority areas. These results fell slightly in 2009 to 6.8% missing the Ministry's target of 7.3%. This relative decrease of employees in priority areas may be influenced by the state of the global economy and high-tech industries: for example, the state of the energy sector (a strong driver of technology), and competition for knowledge workers in neighbouring jurisdictions.

The medium- and long-term development of the province's priority areas is influenced by access to venture capital. To strengthen venture capital in Alberta, the Alberta Enterprise Corporation invests in venture capital funds that finance early-stage, knowledge-based companies. In 2009-10, the Corporation commenced program activities and has made two investments in venture capital funds, improving access to capital for Alberta entrepreneurs. The percentage of Canadian venture capital invested in Alberta in 2009 was 7%, far exceeding the Ministry target of 3%. This result may be attributed to the fact that the larger Canadian provincial venture capital markets' investment levels continued downward in 2009 (Ontario, Quebec and British Columbia). Although Alberta's venture capital investment levels dropped marginally in 2009, the overall result was a relative increase in Alberta venture capital investments out of the Canadian total.

The development of new knowledge reaches its full potential when industry, government, and academia use it to address economic opportunities and social and environmental needs. While Alberta's economy remains vulnerable to global shifts in demand and commodity prices, government can play a key role in promoting economic diversification and developing an entrepreneurial spirit conducive to commercializing new knowledge: namely, adopting policies to attract, develop and retain innovative knowledge-driven companies. To ensure Alberta's long-term prosperity, the Ministry will continue to work with advanced learning and innovation system partners to attract investments in research, innovation and commercialization to diversify our economy and position the province for success in a knowledge-driven future.

Financial Highlights

Note on Scope of Reporting

The Fiscal Plan documents (budget and quarterly) report on a narrower scope than the audited Consolidated Financial Statements in the Annual Report. The broader scope in the Consolidated Financial Statements includes revenue, expense, assets and liabilities of Crown-controlled SUCH sector entities (post-secondary institutions) and Alberta Innovates corporations, on a "line-by-line" basis.

The following tables reflect the same scope of reporting as Budget 2009 and the 2009-10 quarterly fiscal updates (the Fiscal Plan basis) and include the net impact of SUCH sector entities, Alberta Innovates corporations and pension liabilities as a single line item.

("SUCH" stands for "Schools, Universities, Colleges and Hospitals"; however, the SUCH sector entities that pertain to Advanced Education and Technology are solely post-secondary institutions.)

Revenue

(in thousands)

	2010		2009
	Budget	Actual	Actual
Transfers from Government of Canada	$ 525,520	$ 632,602	$ 543,761
Internal Government Transfers	192,800	189,234	183,296
Other Revenue	77,694	56,873	72,896
Total Revenue (Fiscal Plan Basis)	796,014	878,709	799,953
Post-Secondary Institutions and Alberta Innovates Corporations	—	2,469,137	2,257,956
Total Revenue (Ministry Consolidated Financial Statements Basis)	$ 796,014	$ 3,347,846	$ 3,057,909

A discussion of the main sources of revenue on a fiscal plan basis for 2009-10 is below. Additional detail on the Ministry's revenues can be found in Schedule 1 of the Ministry Financial Statements on page 37.

Transfers from the Government of Canada primarily consist of $531 million (2009 - $516 million) for Canada Social Transfers and $98 million (2009 - $19 million) from the Government of Canada for post-secondary facilities infrastructure.

Internal Government Transfers include $105 million from the Lottery Fund for various Ministry programs and $36 million from the Alberta Heritage Scholarship Fund for Heritage Scholarships. It also includes a $48 million transfer from the Advanced Education Endowment to support the Access to the Future Fund.

Other Revenue primarily consists of $33 million (2009 - $47 million) for contract research revenues at the Alberta Research Council (now Alberta Innovates – Technology Futures), $5 million for interest on outstanding student loans and $5 million related to apprenticeship marketing activities.

Major sources of revenue for SUCH sector entities include grants, donations, tuition and ancillary services. For Alberta Innovates, primary sources of revenue shown are grants and contract revenue.

Expense by Function

(in thousands)

	2010		2009
	Budget	Actual	Actual
Education	$ 2,933,839	$ 3,116,569	$ 3,208,628
Agriculture, Resource Management and Economic Development	209,733	198,039	222,967
General Government	—	—	69
Total Expense (Fiscal Plan Basis)	3,143,572	3,314,608	3,431,664
Post-Secondary Institutions and Alberta Innovates Corporations	—	1,726,078	1,342,014
Total Expense (Ministry Consolidated Financial Statements Basis)	$ 3,143,572	$ 5,040,686	$ 4,773,678

On a fiscal plan basis (excludes pension provisions, Alberta Innovates and Post-Secondary Institutions), expenses were $171 million more than originally budgeted, primarily due to additional funding approvals for post-secondary facilities infrastructure. Of this higher spending, $98 million was offset by a transfer from the federal government under the Knowledge Infrastructure Program. Spending was $117 million less than the prior year, primarily due to winding down of spending on post-secondary facilities infrastructure as approved projects near completion, lapses to meet in-year value review savings targets and the transfer of responsibility for certain department programs to Alberta Innovates effective January 1, 2010.

SUCH sector and Alberta Innovates expenses relate directly to these entities operating expenses and include salaries and wages, supplies and services, pension liabilities expenses and amortization of buildings and other assets.

Ministry of Advanced Education and Technology

Consolidated Financial Statements

March 31, 2010

Audited Information

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4 Consolidated Related Party Transactions
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7 Consolidated Portfolio Investments
8 Entities Included in the Consolidated Financial Statements

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statements of financial position of the Ministry of Advanced Education and Technology as at March 31, 2010 and 2009 and the consolidated statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
June 16, 2010

Consolidated Statements of Operations

Year ended March 31 *(in thousands)*

	2010 Actuals	2009 Actuals (Restated)
Revenues (Schedule 1)		
Internal Government Transfers	$ 465,745	$ 424,002
Transfers from Government of Canada	942,104	852,125
Investment Income (Loss)	111,530	(386)
Premiums, Fees and Licenses	7,022	11,100
Tuition and Non-Credit Courses	840,854	774,875
Sales, Rentals and Services	656,127	647,100
Donations, Grants and Contributions	314,441	337,121
Other Revenue	10,023	11,972
	3,347,846	3,057,909
Expenses – Directly Incurred (Note 2b and Schedule 2)		
Public Post-Secondary Institutions	4,498,270	4,197,510
Alberta Innovates Corporations	153,870	187,646
Alberta Enterprise Corporation	2,084	53
Department and Access to the Future Fund		
Support for Adult Learning	66,291	94,127
Support to Post-Secondary Learners	214,514	185,655
Apprenticeship Delivery	31,823	33,994
Alberta Centennial Education Savings Plan	16,782	11,201
Research and Innovation Capacity	12,605	13,638
Technology Commercialization	16,347	22,040
Ministry Support Services	27,510	27,143
Valuation Adjustment	590	671
Ministry Expense	5,040,686	4,773,678
Loss on Disposal of Tangible Capital Assets	2,340	2,321
Write-down of Tangible Capital Assets	861	2,793
Ministry Net Operating Results	$ (1,696,041)	$ (1,720,883)

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statements of Financial Position

as at March 31 *(in thousands)*

	2010	2009 (Restated)
Assets		
Cash and Temporary Investments (Schedule 6)	$ 2,418,738	$ 2,332,854
Accounts Receivable and Other Assets (Note 4)	382,641	380,440
Portfolio Investments (Note 5 and Schedule 7)	2,179,308	1,978,734
Loans Receivable (Note 6)	320,703	256,334
Tangible Capital Assets (Note 7)	5,777,138	4,926,623
Inventory	40,703	37,279
Prepaid Expenses	35,117	26,468
	$ 11,154,348	$ 9,938,732
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	$ 746,416	$ 641,870
Unearned Revenue (Note 9)	911,323	823,501
Other Long Term Liabilities (Note 10)	642,660	580,138
Accrued Pension Benefits (Note 17)	207,188	142,525
	2,507,587	2,188,034
Net Assets		
Opening Net Assets (Note 3)	7,750,698	6,536,204
Net Operating Results	(1,696,041)	(1,720,883)
Increase in Endowments (Note 14)	100,504	27,304
Net Financing Provided from General Revenues	2,491,600	2,908,073
Net Assets at End of Year	8,646,761	7,750,698
	$ 11,154,348	$ 9,938,732

Contractual Obligations (Note 11)

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statements of Cash Flows

as at March 31 *(in thousands)*

	2010	2009 (Restated)
Operating Transactions		
Net Operating Results	$(1,696,041)	$(1,720,883)
Non-cash Items included in Net Operating Results		
Amortization	362,454	333,765
Write-down of Portfolio Investments	5,174	42,938
Write-down of Tangible Capital Assets	861	2,321
Adjustment to Tangible Capital Assets	—	724
Loss on Disposal of Tangible Capital Assets	2,340	2,793
Donation of Capital Assets	(28,900)	(46,793)
Capital Assets Transferred In	(1,033)	(6,586)
(Gain) Loss on Investment in Government Business Enterprise	(87)	2,150
Valuation Adjustments		
Provision for Employee Future Benefits	64,663	27,399
Provision for Future Cost of Student Loans Issued	61,421	45,132
Net Fair Value Adjustment to Temporary Investments	2,291	1,202
Provision for Vacation Pay and Other Provisions	590	671
	(1,226,267)	(1,315,167)
(Increase) Decrease in Accounts Receivable	(2,201)	47,354
Increase in Prepaid Expenses	(8,649)	(8,423)
Increase in Inventory	(3,424)	(2,040)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	105,100	(135,123)
Increase in Unearned Revenue	87,822	14,586
Cash Applied to Operating Transactions	(1,047,619)	(1,398,813)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(1,219,520)	(920,020)
Donated Capital Assets	28,900	46,793
Capital Assets Transferred Out	4,307	1,038
Proceeds from Disposal of Tangible Capital Assets	2,198	6,304
Cash Applied to Capital Transactions	(1,184,115)	(865,885)
Investing Transactions		
Net Change in Loans Receivable	(126,934)	(81,451)
Net Purchase of Portfolio Investments	(204,310)	(28,849)
Cash Applied to Investing Transactions	(331,244)	(110,300)
Financing Transactions		
Net Financing Provided from General Revenues	2,491,600	2,908,073
Contributions to Endowment	100,504	78,729
Debt Issues	102,268	124,790
Debt Retirement	(44,715)	(21,362)
Adjustment to Opening Net Assets	—	135,652
Other	(795)	(5,687)
Cash Provided by Financing Transactions	2,648,862	3,220,195
Increase in Cash	85,884	845,197
Cash and Temporary Investments, Beginning of Year	2,332,854	1,487,657
Cash and Temporary Investments, End of Year	$ 2,418,738	$ 2,332,854

The accompanying notes and schedules are part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

March 31, 2010

Note 1 *Authority and Purpose*

The Minister of Advanced Education and Technology has been designated as responsible for various Acts by the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000 and its regulations. Below are the organizations that form the Ministry of Advanced Education and Technology and the authority under which each organization operates.

Organization	Authority
Department of Advanced Education and Technology	*Government Organization Act*
Access to the Future Fund	*Access to the Future Act*
Alberta Enterprise Corporation	*Alberta Enterprise Corporation Act*
Alberta Innovates Corporations (Schedule 8)	*Alberta Research and Innovation Act*
Public Post-Secondary Institutions (Schedule 8)	*Post-secondary Learning Act*

In support of Alberta's vision, Advanced Education and Technology's purpose is to assist Alberta to be a learning and innovative society.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices*

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Ministry, which includes the financial statements of the Department and its controlled entities on a line-by-line consolidation basis.

(a) Reporting Entity

The reporting entity is the Ministry of Advanced Education and Technology, for which the Minister of Advanced Education and Technology is accountable. The accounts of the Department are fully consolidated with the entities listed in Schedule 8 on a line-by-line basis. Revenue and expense, capital, investing and financing transactions and related asset and liability accounts between the consolidated entities have been eliminated. The threshold for recognizing inter-entity transactions among SUCH sector entities (Schools, Universities, Colleges and Hospitals) and between SUCH sector entities and other government controlled entities is $1,000,000 for particular transaction types and balances.

The year-end of colleges and technical institutes is June 30. Transactions of these organizations that have occurred between the period July 1, 2009 to March 31, 2010, and that significantly affect the consolidated accounts, have been recorded.

The Ministry Annual Report for the year ended March 31, 2010 includes summary financial information compiled from Public Post-Secondary Institutions' audited financial statements for the year ended June 30, 2009 for the colleges and technical institutes and March 31, 2010 for the universities and The Banff Centre.

On January 1, 2010, the Ministry established the four Alberta Innovates Corporations (the Corporations). 2009 comparatives are presented as though Corporations had always existed.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue. Externally restricted revenue is recognized as revenue in the period in which the resources are used for the purpose specified. Funds received prior to meeting the criterion are recorded as unearned revenue until the resources are used for the purpose specified.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for.

In addition to program operating expenses such as salaries and supplies, directly incurred expenses also include:

- amortization of tangible capital assets.
- inventory consumed.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to student loans and vacation pay.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 5.

Assets

Financial assets of the Ministry are limited to cash and financial claims, such as advances to and receivables from other organizations, employees, students and other individuals.

Loans receivable are recorded at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Inventories held for resale are valued at the lower of cost or net realizable value.

Temporary investments are valued at the lower of cost or market.

Portfolio investments are recorded at cost. Gains and losses on investments are recognized when an investment is sold or when there is a permanent impairment in the value of an investment.

Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. Certain entities have a threshold of $1,000, but were not aligned for consolidation purposes.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind. Unrealized gains and losses on transfers to controlled entities are eliminated on consolidation.

Post-secondary institutions have collections consisting of historical artifacts and provincial, national and international works of art. The value of these collections is not recognized in the financial statements. (2010 - $152,389,000 — 2009 - $147,553,000)

Donated tangible capital assets are recorded at their fair value at the time of contribution.

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Expenses for patents owned by the Ministry as a result of research activity are not capitalized due to the uncertain value of benefits that may accrue to the Ministry.

Expenses on the acquisition or development of other intangible assets including intellectual capital are not capitalized as currently there is no acceptable methodology for measuring the value of future benefits accruing to the Ministry.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and temporary investments, accounts receivable, accounts payable, accrued liabilities and unearned revenue are estimated to approximate their carrying values because of the short-term nature of these instruments. The fair value of long-term debt approximates its carrying value as interest rates approximate the market value. The fair values of loans receivable and liability for student loans issued are not reported as there is no organized financial market for these instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Payments under Agreements

The Ministry entered into agreements with the Federal Government to provide services on its behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the Federal Government and are not included in these consolidated financial statements. Amounts paid and recovered under agreements are disclosed in Note 13.

Measurement Uncertainty (in thousands)

Measurement uncertainty exists when there is variance between the recognized or disclosed amount and another reasonably possible amount.

The areas with measurement uncertainty are:

- the allowance for loan relief completion payments of $71,788 (2009 - $54,975),
- the allowance for impaired loans amounting to $36,499 (2009 - $30,416),
- the liability for student loans issued amounting to $1,691 (2009 - $2,423) and
- the allowance for loan subsidy amounting to $18,068 (2009 - $9,741).

The Ministry has made certain estimates in the following areas:

- The number of students exceeding their maximum debt limit in determining the allowance for loan relief completion payments.
- Recovery and default rates in the determination of the allowance for impaired loans.
- Future interest, and student loan amortization periods in the determination of the allowance for loan subsidy.
- Future interest, recovery and default rates in the determination of the liability for student loans.

With respect to the UAPP, the plan's actuary has made certain estimates and assumptions in the determination of the March 31, 2010 extrapolated results. Assumptions include an amortization period based upon the estimated average remaining service life of approximately 11.3 years (2009 - 10.5 years), a discount rate of 6.9% (2009 - 6.7%), an inflation rate of 2.25% (2009 - 3.7%) and a salary escalation rate of 3.5% (2009 - 6%).

Changes in these estimates could materially impact the allowance for loan relief completion payments, the allowance for impaired loans, the allowance for loan subsidy, the liability for student loans issued and the unfunded liability for the Universities Academic Pension Plan.

Note 2 **Summary of Significant Accounting Policies and Reporting Practices** (continued)

Government Endowment Funds for Research and Scholarships

The Alberta Heritage Foundation for Medical Research Endowment Fund was continued under the *Alberta Research and Innovation Act* for the purpose of supporting medical research. The Alberta Heritage Science and Engineering Research Endowment Fund was also continued under the *Alberta Research and Innovation Act* for the purpose of supporting science and engineering research. The Alberta Heritage Scholarship Fund operates under the *Alberta Heritage Scholarship Act* for the purpose of investing the endowment funds to make income available for scholarships.

The Ministry of Finance and Enterprise controls these endowments, however the Ministry of Advanced Education and Technology has an economic interest in the endowments as they assist in funding Ministry programs. Additional information on these endowments can be found on Note 15.

Note 3 Changes in Accounting Policy

(in thousands)

The Public Post-Secondary Institutions were previously included on a modified equity basis and are now accounted for on a consolidated basis. This accounting policy change has been implemented retroactively with the restatement of prior year numbers.

Net assets at the beginning of the year have been restated resulting from accounting policy changes from modified equity basis to line-by-line consolidation. The results of the restatements are described in the following table:

	March 31, 2009		
	As Previously Reported	Increase / (Decrease)	As Restated
Revenues	$ 650,501	$ 2,407,408	$ 3,057,909
Expenses	3,438,103	1,340,689	4,778,792
Net Operating Results	(2,787,602)	1,066,719	(1,720,883)
Net Financing provided from General Revenues	2,908,073	—	2,908,073
Net Assets at March 31, 2008	2,864,941	3,671,263	6,536,204
Increase in Endowments	—	27,304	27,304
Net Assets at March 31, 2009	$ 2,985,412	$ 4,765,286	$ 7,750,698

Note 4 Accounts Receivable and Other Assets

(in thousands)

	2010			2009
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
				(Restated)
Accounts Receivable	$ 365,466	$ (3,538)	$ 361,928	$ 355,535
Other Assets	20,713	—	20,713	24,905
	$ 386,179	$ (3,538)	$ 382,641	$ 380,440

Accounts receivable are unsecured, non-interest bearing and reported at their net realizable value.

Note 5 *Asset-Backed Securities* *(in thousands)*

The Canadian market for third party or non-bank sponsored asset-backed commercial paper ("ABCP") suffered a liquidity disruption in mid-August 2007, following which a group of market participants including major investors, banks, asset providers, dealers, and third-party sponsors, agreed to work collectively to restructure this market segment.

The University of Alberta and the University of Calgary, both which are accounted for on a line-by-line basis, incurred a recovery on ABCP totalling $17,000 (2009 - write-down of $44,000) of which $16,000 (2009 - write-down of $42,000) relates to the ABCP subject to the Accord. These recoveries are not included in the consolidated statements, but the balance of the investments are found in Portfolio Investments as Advanced Education and Technology follows PSAB accounting standards where fair value adjustments are not made when they are upward in nature. As at March 31, 2010, the remaining estimated fair value of these investments in ABCP was $115,000 (2009 - $131,000).

Note 6 *Loans Receivable* *(in thousands)*

	2010	2009
Loans Receivable	$ 447,058	$ 351,466
Less:		
Allowance for Loan Relief Completion Payments	(71,788)	(54,975)
Allowance for Impaired Loans	(36,499)	(30,416)
Allowance for Loan Subsidy	(18,068)	(9,741)
	$ 320,703	$ 256,334

Effective August 2001, under the terms of the Alberta Student Loan Program, loans are provided by the Ministry to qualifying students at interest rates prescribed by the Minister of Advanced Education and Technology.

Loans receivable are stated at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Loans become payable and interest is earned when students discontinue their studies or graduate. When loans receivable are classified as impaired, interest ceases to accrue. Loans are unsecured and are repayable to a maximum term of 114 months.

Loan relief completion payments on Alberta Student Loans are available to students who complete their studies and have assumed a total combined indebtedness of Canada and Alberta Student Loans exceeding established debt limits.

The allowance for impaired loans is a general provision that estimates the amount of loans receivable that will be impaired. The key assumptions used to determine this provision are default and recovery rates.

Loans receivable are classified as impaired when:

- there is no longer reasonable assurance as to the timely collection of the full amount of principal or interest, or
- the borrower has failed to make payments for a period of 150 days, or
- interest is owing to the Province for a period of 180 days.

Effective April 1, 2008, the interest rates on student loans were reduced to a floating rate of prime or a fixed rate of prime plus 2%. The change was applied to all outstanding loans and the Province will not receive interest payments over the term of the loans to fully cover the Government's cost of financing the loan portfolio. The allowance for loan subsidy is a provision that reflects the future benefit provided to students as a result of the favourable loan terms. Changes in future year estimates are expensed and are amortized over the estimated life of the student repayment period.

Note 7 *Tangible Capital Assets*

(in thousands)

	2010						2009
	Land	Building	Land Improvement	Equipment	Computer Hardware and Software	Total	Total
		(3)		(4)			(Restated)
Estimated Useful Life		3-50 years	10-40 years	2-25 years	3-25 years		
Historical Cost (1)							
Beginning of year	$ 195,968	$ 5,929,554	$ 19,505	$ 1,914,724	$ 829,972	$ 8,889,723	$ 8,027,704
Additions (2)	946	943,172	3,151	219,747	52,504	1,219,520	920,020
Transfers	—	1,033	—	(530)	(3,777)	(3,274)	6,587
Disposals, including write-downs	—	(1,938)	—	(22,033)	(34,135)	(58,106)	(73,815)
Adjustments	625	(2,236)	—	(8,595)	10,535	329	9,227
	197,539	6,869,585	22,656	2,103,313	855,099	10,048,192	8,889,723
Accumulated Amortization							
Beginning of year	—	2,112,113	5,522	1,174,393	671,072	3,963,100	3,689,025
Amortization expense	—	142,246	705	148,369	71,134	362,454	333,765
Effect of disposal including write-downs	—	(3,685)	—	(16,019)	(33,041)	(52,745)	(60,627)
Adjustments	—	(1,088)	—	(1,664)	997	(1,755)	937
	—	2,249,586	6,227	1,305,079	710,162	4,271,054	3,963,100
Net Book Value at March 31, 2010	$ 197,539	$ 4,619,999	$ 16,429	$ 798,234	$ 144,937	$ 5,777,138	
Net Book Value at March 31, 2009	$ 195,968	$ 3,816,844	$ 13,983	$ 740,927	$ 158,901		$ 4,926,623

(1) Historical cost includes work-in-progress at March 31, 2010 totaling $1,542,953 comprised of Building and Site improvements - $1,499,003, Equipment - $19,864, and Computer Hardware and Software - $24,086.

(2) Additions include donated capital assets in the amount of $28,842.

(3) Building includes site and leasehold improvements.

(4) Equipment includes vehicles, heavy equipment, office equipment and furniture, other equipment and library materials.

Note 8 *Accounts Payable and Accrued Liabilities*

(in thousands)

	2010	2009
		(Restated)
Accounts Payable	$ 10,460	$ 9,057
Accrued Liabilities	734,265	630,390
Liabilities for Student Loans Issued (a)	1,691	2,423
	$ 746,416	$ 641,870

(a) Prior to August 2001, financial institutions issued loans under guaranteed and non-guaranteed risk share initiatives to Alberta students. These student loans result in a liability to the government for loan relief completion payments, interest, guarantees and risk premium.

Note 9 *Unearned Revenue*

(in thousands)

	2010	2009
		(Restated)
Restricted Contributions (a)	$ 787,972	$ 705,318
Unearned Service Revenue (b)	123,351	118,183
	$ 911,323	$ 823,501

(a) Contributions have been restricted by third parties.

(b) Payments received prior to service being provided, primarily tuition payments, are recorded as unearned service revenue.

Note 10 *Other Long Term Liabilities*

(in thousands)

	Maturity	Average Interest Rate	Book Value 2010 (b)	Book Value 2009 (b) (Restated)
Debentures (a)	June 2011 - December 2047	5.20%	$ 617,232	$ 525,794
Bank Loan	May 2010	4.11%	1,835	30,918
Mortgages		1.34%	1,808	6,280
Others			13,010	9,864
			633,885	572,856
Liabilities under Capital Leases (c)			8,775	7,282
			$ 642,660	$ 580,138

(a) Debentures are payable to ACFA.

(b) Book value approximates fair market value.

(c) The calculation of the liabilities under capital leases are as follows:

	2010	2009
Liabilities, beginning of the year	$ 7,282	$ 4,880
Additions to liabilities during the year	4,218	5,166
Principal payments	(2,725)	(2,764)
Liabilities, end of year	$ 8,775	$ 7,282

Principal repayments in each of the next five years and thereafter are as follows:

2010-11	$ 24,434
2011-12	29,098
2012-13	26,285
2013-14	26,288
2014-15	26,190
Thereafter	510,365
	$ 642,660

Note 11 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2010	2009 (Restated)
Obligations under Operating Leases, Contracts and Programs	$ 1,626,098	$ 1,555,264
Loans and Advances Approved (a)	4,998	3,891
Obligations under Capital Leases		
Operations and Maintenance Payments	—	5,114
Capital Payments	8,775	2,169
	$ 1,639,871	$ 1,566,438

(a) Loans and Advances Approved are comprised of uncashed student loans.

Estimated payment requirements for each of the next five years and thereafter are as follows:

	2010			
	Obligations under Operating Leases, Contracts and Programs	Loans and Advances Approved	Obligations under Capital Leases	Total
2010-11	$ 802,717	$ 4,998	$ 2,790	$ 810,505
2011-12	379,895	—	2,973	382,868
2012-13	213,619	—	1,884	215,503
2013-14	89,540	—	760	90,300
2014-15	49,611	—	542	50,153
Thereafter	90,716	—	385	91,101
Less Amount Representing Interest	—	—	(559)	(559)
	$ 1,626,098	$ 4,998	$ 8,775	$ 1,639,871

Note 12 Contingent Liabilities

(in thousands)

At March 31, 2010, the Ministry of Advanced Education and Technology was named as a defendant in 12 (2009 - 12) specific legal actions. The total claimed in 11 (2009-10) actions approximate $72,884 (2009 - $73,035). For the other claims, no specified amounts have yet been claimed; the amount of these claims will be determined at trial.

The resulting loss, if any, from these claims cannot be determined.

The Public Post Secondary Institutions also entered into employment contracts that included a commitment to provide or guarantee housing loans in the amount of $1,589 (2009 - $2,078).

Note 13 **Payments under Agreement** *(in thousands)*

The Department has entered into agreements to deliver programs that are fully funded by the Government of Canada. Costs incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, section 25. Accounts receivable includes $17,844 (2009 - $12,207) and accounts payable and accrued liabilities includes $6,524 (2008 - $4,402) relating to payments under agreement.

Amounts paid and payable under agreements on behalf of the Government of Canada:

	2010	2009
Canadian Millennium Scholarship Foundation		
Canadian Millennium Scholarships	$ 1,268	$ 31,612
Government of Canada		
Canada Study Grants	586	6,803
Canada Access Grants	153	4,471
Canada Student Grants	61,811	—
French Minority Language Education and French Second Language Instruction	1,774	3,945
	$ 65,592	$ 46,831

Note 14 **Endowments** *(in thousands)*

	2010	2009
Beginning Balance	$ 1,283,293	$ 1,255,989
Contributions	103,279	78,729
Capitalization of Investment Earnings	12,981	(3,383)
Net Transfers to Unrestricted Net Assets / Deferred Contributions	(15,756)	(48,042)
	$ 1,383,797	$ 1,283,293

Note 15 **Government Endowment Funds for Research and Scholarships** *(in thousands)*

	Net Assets			
	2010		2009	
	Value at Cost	Market Value	Value at Cost	Market Value
Alberta Heritage Foundation for Medical Research Endowment Fund	$ 1,248,898	$ 1,287,950	$ 1,174,262	$ 1,154,034
Alberta Heritage Science and Engineering Research Endowment Fund	707,886	728,419	657,562	645,019
Alberta Heritage Scholarship Fund	692,303	712,637	644,718	619,140
	$ 2,649,087	$ 2,729,006	$ 2,476,542	$ 2,418,193

These funds are included in the financial statements of Alberta Finance and Enterprise.

Note 16 **Trust Funds Under Administration** *(in thousands)*

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements. Total net assets of trust funds under the administration of the Ministry at March 31, 2010 were $16,322 (2009 - $22,141).

Note 17 *Benefit Plans*

(in thousands)

Ministry Pension Plans

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Local Authorities Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $109,824 for the year ended March 31, 2010 (2009 - $96,799).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2009 - deficiency $568,574), the Local Authorities Pension Plan reported a deficiency of $3,998,614 (2008 - $4,143,971) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 - deficiency $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 - deficiency $7,111).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $8,335 (2009 - $33,540) and the Management, Opted Out and Excluded Plan reported an actuarial surplus of $7,431 (2009 - deficiency of $1,051). The expense for these two plans is limited to the employer's annual contributions for the year.

Certain consolidated entities provide defined supplementary executive retirement plans for certain management staff, and other benefit plans for all or specific groups of staff, depending on the plans. The cost of these benefits are actuarially determined on an annual basis using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. At March 31, 2010, these plans have net accrued liability of $44,114.

Universities Academic Pension Plan

The Universities Academic Pension Plan (UAPP) is a defined benefit pension plan primarily comprised of academic staff members and other eligible employees of the Universities of Alberta, Calgary, Lethbridge, and Athabasca and Banff Centre (employers). The Universities Academic Pension Plan Board (the Board) is the trustee and administrator of the UAPP. The Board operates under the authority of the *Public Sector Pension Plans Act.*

The unfunded liability for service prior to January 1, 1992 is financed by additional contributions of 1.25% (2008 - 1.25%) of salaries by Alberta Finance and Enterprise and the balance of the required contributions is equally split between employees and employers. Employees and employers are responsible for fully funding service after 1991.

The 2009 UAPP Annual Report identifies an unfunded liability at December 31, 2009 in the amount of $971,000 (2008 - $1,055,471). An actuarial extrapolation of this amount to March 31, 2010, adjusted for public sector reporting standards, estimates the unfunded liability at $924,069 (2008 - $1,299,860) and unamortized actuarial losses totaling $171,474 (2009 - $408,789). The following table provides further breakdown of how the liability has been allocated amongst the participants:

	Alberta Finance and Enterprise	Employees	Employers	March 31, 2010 Extrapolated Results	March 31, 2009 (Employers)
Pre '92	$ 292,997	$ 176,606	$ 176,606	$ 646,209	$ 857,110
Post '91	—	138,930	138,930	277,860	442,750
Total Unfunded Liability	$ 292,997	$ 315,536	$ 315,536	$ 924,069	$ 1,299,860

Additional information on UAPP can be found in the Annual Report of UAPP.

Total Employer Pension Liability

	2010
UAPP	
Total Unfunded Liability	$ 315,536
Actuarial Gains and Losses	(152,462)
UAPP Pension Liability Recorded	163,074
Supplementary Pension Plans	44,114
Total Pension Liability Recorded	$ 207,188

Note 18 Derivative Contracts and Related Credit Risk

(in thousands)

The Ministry uses derivative contracts to improve investment return and to manage interest and currency risks. Derivative contracts have credit risks that could expose the Ministry to potential losses. Credit risk for derivative contracts is the risk that the counterparty will not pay its obligation when it comes due.

The following is a summary of the fair values and maturity schedules of the Ministry's derivative contracts by type, segregated contracts in a favourable and unfavourable position. Derivatives in a favourable position have positive fair values which represent amounts owed to the Ministry by counterparties.

	Maturity			Contract Notional Amount	Fair Values	
	Under 1 Year	1 to 3 Years	Over 3 Years		Favourable Position	Unfavourable Position
Interest Rate Swap Contracts	9%	30%	61%	$ 1,031	$ —	$ 101
Forward Foreign Exchange Contracts	100%	—	—	693,539	7,510	59
Total 2010				$ 694,570	$ 7,510	$ 160

Note 19 Comparative Figures

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Note 20 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedules to the Consolidated Financial Statements

for the year ended March 31

Schedule 1 *Consolidated Revenues*

(in thousands)

	2010 Actuals	2009 Actuals (Restated)
Internal Government Transfers		
Lottery Fund	$ 105,000	$ 101,591
Alberta Heritage Scholarship Fund	35,836	34,579
Access to the Future Fund	48,398	47,126
Alberta Innovates Corporations	116,034	113,266
Post-Secondary Institutions	160,477	127,440
	465,745	424,002
Transfers from Government of Canada		
Canada Social Transfers	531,198	516,446
Canada Student Loans Administration	3,044	2,011
Post-Secondary Education Infrastructure Trust	—	19,000
Knowledge Infrastructure Program	97,690	—
Public Post-Secondary Institutions	309,502	308,364
Other	670	6,304
	942,104	852,125
Investment Income		
Interest on Student Loans Issued	4,470	5,689
Public Post-Secondary Institutions	105,021	(7,937)
Other	2,039	1,862
	111,530	(386)
Premiums, Fees and Licenses		
Marketing Apprenticeship	4,557	6,892
License Fees	2,447	4,198
Other	18	10
	7,022	11,100
Tuition and Non-Credit Courses		
Tuition and Non-Credit Courses	840,854	774,875
	840,854	774,875
Sales, Rentals and Services		
Sales	403,638	416,802
Ancillary Services	107,176	93,621
Contract Revenue	145,313	136,677
	656,127	647,100
Donations, Grants and Contributions		
Donations	220,348	222,545
Grants and Contributions	94,093	114,576
	314,441	337,121
Other Revenue		
Refunds of Expenditure	4,476	3,000
Miscellaneous	5,547	8,972
	10,023	11,972
	$ 3,347,846	$ 3,057,909

Schedule 2 *Consolidated Expenses Directly Incurred Detailed by Object*

(in thousands)

	2010 Actual	2009 Actual (Restated)
Voted		
Grants	$ 449,790	$ 481,911
Salaries, Wages and Employee Benefits	2,872,457	2,592,033
Supplies and Services	1,204,111	1,214,413
Amortization of Tangible Capital Assets	362,454	333,765
Other	26,662	21,087
Valuation Adjustments		
Provision for Pension Plans	64,663	86,510
Provision for Future Costs of Student Loans Issued	61,421	45,132
Other Provisions	737	671
	5,042,295	4,775,522
Less:		
Recoveries from Support Service Arrangements with Related Parties (a)	(1,609)	(1,844)
	$ 5,040,686	$ 4,773,678

(a) The Ministry provides information technology support services to the Ministry of Employment and Immigration $1,609 (2009 - $1,844). Costs for these services are recovered from the Ministry.

Schedule 3 *Consolidated Reconciliation of Budget with Actuals*

(in thousands)

	2010				
	Authorized Budget	Actual without SUCH Sector and Research Corporations	Actual SUCH Sector and Research Corporations	Adjustments	Actual with SUCH Sector and Research Corporations
Revenues					
Internal Government Transfers	$ 190,198	$ 189,234	$ 2,565,353	$(2,288,842)	$ 465,745
Transfers from Government of Canada	631,823	632,602	267,258	42,244	942,104
Investment Income	5,910	5,538	117,005	(11,013)	111,530
Premiums, Fees and Licenses	5,960	7,022	—	—	7,022
Tuition and Non-Credit Courses	—	—	840,854	—	840,854
Sales, Rentals and Service	—	13	660,110	(3,996)	656,127
Donations, Grants and Contributions	—	—	245,132	69,309	314,441
Other Revenue	41,197	5,108	220,581	(215,666)	10,023
Total Revenues	$ 875,088	$ 839,517	$ 4,916,293	$(2,407,964)	$ 3,347,846
Expenses					
Grants	$ 3,085,580	$ 3,120,041	$ 339,600	$(3,009,851)	$ 449,790
Supplies and Services	68,987	48,448	1,174,342	(18,679)	1,204,111
Salaries, Wages and Employee Benefits	104,035	57,753	2,824,700	(9,996)	2,872,457
Amortization of Tangible Capital Assets	7,207	2,738	359,734	(18)	362,454
Financial Transactions and Other	185	162	27,522	(1,022)	26,662
Total Expenses before Recoveries	3,265,994	3,229,142	4,725,898	(3,039,566)	4,915,474
Less: Recovery from Support Service Arrangements with Related Parties	—	(1,609)	—	—	(1,609)
Valuation Adjustments					
Provisions for Pension Plans	—	—	64,663	—	64,663
Provision for Future Cost of Student Loans Issued	59,600	61,421	—	—	61,421
Other Provisions	5	586	151	—	737
Total Expenses	$ 3,325,599	$ 3,289,540	$ 4,790,712	$(3,039,566)	$ 5,040,686

Schedule 4

Consolidated Related Party Transactions

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties which are recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2010	2009 (Restated)
Revenues		
Grants	$ 474,678	$ 424,002
Other	62,658	16,407
	$ 537,336	$ 440,409
Expenses – Directly Incurred		
Grants	$ 2,840	$ 2,049
Other Services	65,501	32,479
	$ 68,341	$ 34,528
Tangible Capital Assets Transferred In (Out)	$ (3,274)	$ 5,549
Receivables from	$ 22,187	$ 19,930
Payables to	$ 7,324	$ 22,957
Debt to Related Parties	$ 617,232	$ 538,601

The above transactions do not include support service arrangement transactions disclosed in Schedule 5.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Accommodation, Legal expenses and Shared Service costs incurred by others are disclosed in Schedule 5.

	2010	2009
Expenses – Incurred by Others		
Accommodation	$ 28,657	$ 31,239
Legal	506	420
Air Transportation Services / Executive Vehicle	95	66
Internal Audit	94	65
Shared Services	5,477	5,409
GOA Learning Centre	42	39
	$ 34,871	$ 37,238

Schedule 5 Consolidated Allocated Costs

(in thousands)

	2010					2009
		Expenses – Incurred by Others				
	Expenses (a)	Accommodation Costs (b)	Shared Services (c)	Legal Services (d)	Total Expenses	Total Expenses (Restated)
Program						
Public Post-Secondary Institutions	$ 4,498,270	$ —	$ —	$ —	$ 4,498,270	$ 4,197,510
Alberta Innovates Research Corporations	153,870	15,034	—	—	168,904	209,466
Alberta Enterprise Corporation	2,084	—	—	—	2,084	53
Department and Access to the Future Fund						
Support for Adult Learning	66,291	2,005	—	1	68,297	95,434
Support to Post-Secondary Learners	214,514	2,628	—	10	217,152	187,425
Apprenticeship Delivery	31,823	5,186	—	23	37,032	37,599
Alberta Centennial Education Savings Plan	16,782	—	—	—	16,782	11,201
Research and Innovation Capacity	12,605	761	—	126	13,492	14,534
Technology Commercialization	16,347	1,706	—	12	18,065	22,528
Ministry Support Services	27,510	1,337	5,477	334	34,658	34,325
Valuation Adjustments	590	—	—	—	590	671
	$ 5,040,686	$ 28,657	$ 5,477	$ 506	$ 5,075,326	$ 4,810,746

(a) Expenses – Directly Incurred as per Statement of Operations. Support to post-secondary learners includes the provision for future costs of student loans issued.

(b) Costs are as shown for Accommodation on Schedule 4 and allocated to participating entities and by proportion of full-time equivalent staff.

©) Shared Services costs, as shown on Schedule 4, are allocated only to Ministry Support Services because the services are related to Ministry support functions.

(d) Costs are as shown for Legal Services on Schedule 4 and allocated by estimated costs incurred by each program.

Schedule 6 Consolidated Cash and Temporary Investments

(in thousands)

	2010		2009	
	Book Value	Fair Value	Book Value	Fair Value
Fixed Income Securities (a)				
Government of Canada, direct and guaranteed	$ 62,909	$ 62,909	$ 18,703	$ 19,144
Provincial, direct and guaranteed	2,983	2,983	27,000	27,389
Municipal	—	—	536	542
Corporate	76,232	79,634	91,110	91,995
Pooled investment funds	51,589	52,086	19,908	19,908
Fixed Income – Term Deposits	3,722	3,722	5,095	5,095
Fixed Income – Cash	11,900	11,900	10,081	10,081
Fixed Income – T-Bills	1,628,626	1,628,626	1,505,744	1,506,071
Fixed Income – Guaranteed Income Certificates	30,954	30,954	108,123	108,123
	1,868,915	1,872,814	1,786,300	1,788,348
Equities				
Canadian	2,756	2,756	4,207	4,207
Foreign	—	—	4,743	4,743
	2,756	2,756	8,950	8,950
Other Investments	—	—	30,869	30,879
Cash and Cash Equivalents (b)	547,067	547,067	506,735	506,735
	$ 2,418,738	$ 2,422,637	$ 2,332,854	$ 2,334,912

(a) Fixed-income securities for crown-controlled SUCH sector organizations have an average effective market yield of 0.76% per annum. Temporary investments are held for use in current operations.

(b) Includes funds in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2010, securities held by the Fund have an average effective yield of 1.0% per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Schedule 7 Consolidated Portfolio Investments

(in thousands)

	2010		2009	
	Book Value	Fair Value	Book Value	Fair Value
Fixed Income Securities (a)				
Government of Canada, direct and guaranteed	$ 105,059	$ 107,496	$ 120,624	$ 128,002
Provincial, direct and guaranteed	62,828	64,348	67,231	69,528
Municipal	3,895	4,039	6,100	6,385
Corporate	300,319	305,926	163,403	159,216
Pooled investment funds	272,970	273,067	313,008	308,299
Other fixed income securities	260,731	276,844	212,514	217,590
	1,005,802	1,031,720	882,880	889,020
Equities				
Canadian	408,856	464,618	401,163	360,370
Foreign	734,774	672,416	675,684	508,638
Real Estate	986	986	986	986
	1,144,616	1,138,020	1,077,833	869,994
Other Investments	26,426	25,027	25,903	23,280
Investment in Government Business Enterprise (b)	2,464	—	(7,882)	—
	28,890	25,027	18,021	23,280
	$ 2,179,308	$ 2,194,767	$ 1,978,734	$ 1,782,294

(a) The amount held as portfolio investments by crown controlled SUCH sector organizations are consolidated line-by-line. Fixed income securities reported by Post-Secondary Institutions have an average effective market yield of 3.49% per annum.

(b) Includes joint ventures, investments in voting shares.

Following is the maturity structure based on principal amount:

	2010	2009
Under 1 year	64%	15%
1 to 5 years	18%	31%
6 to 10 years	7%	17%
11 to 20 years	4%	9%
Over 20 years	7%	28%
	100%	100%

Schedule 8 Entities Included in the Consolidated Financial Statements

Department of Advanced Education and Technology

Funds and Agencies

- Access to the Future Fund
- Alberta Enterprise Corporation

Public Post-Secondary Institutions

Comprehensive Academic and Research Institutions

- University of Alberta
- University of Calgary
- University of Lethbridge
- Athabasca University

Baccalaureate and Applied Studies Institutions

- Grant MacEwan University
- Mount Royal University

Polytechnical Institutions

- Northern Alberta Institute of Technology
- Southern Alberta Institute of Technology

Comprehensive Community Institutions

- Bow Valley College
- Grande Prairie Regional College
- Keyano College
- Lakeland College
- Lethbridge College
- Medicine Hat College
- NorQuest College
- Northern Lakes College
- Olds College
- Portage College
- Red Deer College

Specialized Arts and Culture Institutions

- Alberta College of Art + Design
- Banff Centre

Alberta Innovates Corporations

- Alberta Innovates – Bio Solutions
- Alberta Innovates – Energy and Environment Solutions
- Alberta Innovates – Health Solutions
- Alberta Innovates – Technology Futures

Department of Advanced Education and Technology

Financial Statements

March 31, 2010

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Advanced Education and Technology

I have audited the statements of financial position of the Department of Advanced Education and Technology as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
June 16, 2010

Statements of Operations

for the year ended March 31 *(in thousands)*

	2010		2009
	Budget	Actual	Actual (Restated)
Revenues (Schedule 1)			
Internal Government Transfers	$ 144,072	$ 140,836	$ 136,170
Transfers from Government of Canada	525,520	632,508	543,611
Investment Income	5,500	5,403	5,689
Premiums, Fees and Licenses	10,560	7,022	11,100
Other Revenue	2,950	5,399	4,267
	688,602	791,168	700,837
Expenses – Directly Incurred (Note 2b and Schedules 3 and 5)			
Voted			
Ministry Support Services	30,128	27,520	27,155
Support for Adult Learning	2,147,736	2,085,753	2,035,597
Support to Post-Secondary Learners	116,620	117,536	105,959
Post-Secondary Facilities Infrastructure	484,374	701,548	873,970
Apprenticeship Delivery	39,090	34,161	37,206
Research and Innovation Capacity	90,398	94,177	106,164
Technology Commercialization	59,639	68,063	165,077
	2,967,985	3,128,758	3,351,128
Statutory			
Alberta Heritage Scholarships	39,072	35,836	34,579
Alberta Centennial Education Savings Plan	12,500	16,782	11,201
Valuation Adjustments			
Provision for Future Cost of Student Loans Issued	27,000	61,421	45,132
Valuation Adjustments and Other Provisions	5	590	668
	78,577	114,629	91,580
	3,046,562	3,243,387	3,442,708
Net Operating Results	$(2,357,960)	$(2,452,219)	$(2,741,871)

The accompanying notes and schedules are part of these financial statements.

Statements of Financial Position

as at March 31 *(in thousands)*

	2010	2009 (Restated)
Assets		
Cash	$ 5,489	$ 6,543
Accounts Receivable (Note 3)	55,986	17,792
Loans Receivable (Note 4)	320,703	256,334
Tangible Capital Assets (Note 5)	24,896	23,183
	$ 407,074	$ 303,852
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	$ 114,439	$ 50,617
Unearned Revenue	470	451
	114,909	51,068
Net Assets		
Net Assets at Beginning of Year	252,784	85,374
Net Operating Results	(2,452,219)	(2,741,871)
Net Financing Provided from General Revenues	2,491,600	2,909,281
Net Assets at End of Year	292,165	252,784
	$ 407,074	$ 303,852

Contractual Obligations (Note 7)

The accompanying notes and schedules are part of these financial statements.

Statements of Cash Flows

for the year ended March 31 *(in thousands)*

	2010	2009 (Restated)
Operating Transactions		
Net Operating Results	$(2,452,219)	$(2,741,871)
Non-cash Items included in Net Operating Results		
Amortization	2,738	2,858
Provision for Future Cost of Student Loans Issued	61,421	45,132
Provision for Vacation Pay and Other Provisions	590	668
Adjustment to Tangible Capital Assets	—	724
	(2,387,470)	(2,692,489)
(Increase) Decrease in Accounts Receivable	(38,195)	18,647
Increase (Decrease) in Accounts Payable and Accrued Liabilities	64,376	(128,310)
Increase (Decrease) in Unearned Revenue	20	(19,107)
Cash Applied to Operating Transactions	(2,361,269)	(2,821,259)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 5)	(8,758)	(5,775)
Capital Assets Transferred to Other Ministries (a)	4,307	1,038
Cash Applied to Capital Transactions	(4,451)	(4,737)
Investing Transactions		
Net Change in Loans Receivable	(126,934)	(81,600)
Cash Applied to Investing Transactions	(126,934)	(81,600)
Financing Transactions		
Net Financing Provided from General Revenues	2,491,600	2,909,281
Cash Provided by Financing Transactions	2,491,600	2,909,281
(Decrease) Increase in Cash and Cash Equivalents	(1,054)	1,685
Cash and Cash Equivalents, Beginning of Year	6,543	4,858
Cash and Cash Equivalents, End of Year	$ 5,489	$ 6,543

The accompanying notes and schedules are part of these financial statements.

(a) The Department transferred $4,307 (2009 - $1,038) in capital assets to Agriculture and Rural Development. There were no proceeds on the transfers.

Notes to the Financial Statements

March 31, 2010

Note 1 *Authority and Purpose*

The Department of Advanced Education and Technology operates under the authority of the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000.

In support of Alberta's vision, Advanced Education and Technology's purpose is to assist Alberta to be a learning and innovative society.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices*

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Department.

(a) Reporting Entity

The reporting entity is the Department of Advanced Education and Technology, which is part of the Ministry of Advanced Education and Technology and for which the Minister of Advanced Education and Technology is accountable. Other entities accountable to the Minister are the Access to the Future Fund, the Alberta Enterprise Corporation, Alberta Innovates corporations and Public Post-Secondary Institutions. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Program Transfers

On January 1, 2010, the *Alberta Research and Innovation Act and Regulation* was proclaimed, resulting in the creation of four board-governed provincial corporations (Alberta Innovates: Bio Solutions, Energy and Environment Solutions, Health Solutions, and Technology Futures). Departmental comparatives for assets and liabilities have been restated to reflect the transfer of responsibilities between the Department and the Corporation. In addition, certain expenditure accounts, including salaries, benefits, and supplies and services, have been reclassified as grant payments to the corporations, as the corporations are recording the salaries, benefits and supplies and services, as if they always had incurred those expenses.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from the Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria (if any) are met, and a reasonable estimate of the amounts can be made.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credit or Recovery initiatives are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Department may, with the approval of the Treasury Board, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Department's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries and supplies, directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions during the year.
- valuation adjustments which include changes in the valuation allowances are used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments represent the change in management's estimate of future payments arising from obligations relating to student loans and vacation pay.

Grants are recognized as expenses when authorized, eligibility criteria (if any) are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 9.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to cash and financial claims, such as advances to and receivables from other organizations, employees, students and other individuals.

Loans receivable are recorded at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is variance between the recognized or disclosed amount and another reasonably possible amount.

The areas with measurement uncertainty are:

- the allowance for loan relief completion payments of $71,788 (2009 - $54,975),
- the allowance for impaired loans amounting to $36,499 (2009 - $30,416),
- the liability for student loans issued amounting to $1,691 (2009 - $2,423) and
- the allowance for loan subsidy amounting to $18,068 (2009 - $9,741).

Note 2 *Summary of Significant Accounting Policies and Reporting Practices (continued)*

The Department has made certain estimates in the following areas:

- The number of students exceeding their maximum debt limit in determining the allowance for loan relief completion payments.
- Recovery and default rates in the determination of the allowance for impaired loans.
- Student loan amortization periods in the determination of the allowance for loan subsidy.
- Future interest, recovery and default rates in the determination of the liability for student loans.

Changes in these estimates could materially impact the allowance for loan relief completion payments, the allowance for impaired loans, the allowance for loan subsidy, and the liability for student loans issued.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

The fair values of loans receivable and liabilities for student loans issued are not reported as there is no organized financial market for all of the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Note 3 *Accounts Receivable*

(in thousands)

	2010	2009
Government of Canada	$ 53,071	$ 15,820
Accrued Interest Receivable on Loans	278	511
Other	2,637	1,461
	$ 55,986	$ 17,792

Accounts receivable are unsecured and non-interest bearing.

Note 4 Loans Receivable

(in thousands)

	2010	2009
Loans Receivable	$ 447,058	$ 351,466
Less:		
Allowance for Loan Relief Completion Payments	(71,788)	(54,975)
Allowance for Impaired Loans	(36,499)	(30,416)
Allowance for Loan Subsidy	(18,068)	(9,741)
	$ 320,703	$ 256,334

Effective August 2001, under the terms of the Alberta Student Loan Program, loans are provided by the Department to qualifying students at interest rates prescribed by the Minister of Advanced Education and Technology.

Loans receivable are stated at cost net of the allowance for loan relief completion payments, the allowance for impaired loans and the allowance for loan subsidy.

Loans become payable and interest is earned when students discontinue their studies or graduate. When loans receivable are classified as impaired, interest ceases to accrue. Loans are unsecured and are repayable to a maximum term of 114 months.

Loan relief completion payments on Alberta Student Loans are available to students who complete their studies and have assumed a total combined indebtedness of Canada and Alberta Student Loans exceeding established debt limits.

The allowance for impaired loans is a general provision that estimates the amount of loans receivable that will be impaired. The key assumptions used to determine this provision are default and recovery rates.

Loans receivable are classified as impaired when:

- there is no longer reasonable assurance as to the timely collection of the full amount of principal or interest, or
- the borrower has failed to make payments for a period of 150 days, or
- interest is owing to the Province for a period of 180 days.

Effective April 1, 2008, the interest rates on student loans were reduced to a floating rate of prime or a fixed rate of prime plus 2%. The change was applied to all outstanding loans and the Province will not receive interest payments over the term of the loans to fully cover the Government's cost of financing the loan portfolio. The allowance for loan subsidy is a provision that reflects the future benefit provided to students as a result of the favourable loan terms. Changes in future year estimates are expensed and are amortized over the estimated life of the student repayment period.

Note 5 *Tangible Capital Assets*

(in thousands)

	2010			2009
	Equipment (a)	Information Technology and Other Assets	Total	Total
Estimated Useful Life	5-10 years	3-10 years		
Historical Cost (b)				
Beginning of year	$ 152	$ 35,953	$ 36,105	$ 32,321
Additions	551	8,207	8,758	5,775
Disposals, Transfers and Adjustments	(530)	(3,777)	(4,307)	(1,991)
	173	40,383	40,556	36,105
Accumulated Amortization				
Beginning of year	69	12,853	12,922	10,293
Amortization expense	28	2,710	2,738	2,858
Effect of Disposals	—	—	—	(229)
	97	15,563	15,660	12,922
Net Book Value at March 31, 2010	$ 76	$ 24,820	$ 24,896	
Net Book Value at March 31, 2009	$ 83	$ 23,100		$ 23,183

(a) Equipment includes office equipment.

(b) Historical cost included work-in-progress at March 31, 2010 totaling $17,328 (2009 - $14,951) comprised of computer software development projects.

Note 6 *Accounts Payable and Accrued Liabilities*

(in thousands)

	2010	2009 (Restated)
Accounts Payable	$ 88,956	$ 2,840
Accrued Liabilities		
Vacation	6,010	5,396
Other	11,258	35,556
Liabilities for Student Loans Issued (a)	1,691	2,423
Advances from Government of Canada	6,524	4,402
	$ 114,439	$ 50,617

(a) Prior to August 2001, financial institutions issued loans under guaranteed and non-guaranteed risk share initiatives to Alberta students. These student loans result in a liability to the government for loan relief completion payments, interest, guarantees and risk premium.

Note 7 *Contractual Obligations*

(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2010	2009 (Restated)
Service Contracts	$ 35,559	$ 7,997
Capital and Operating Grants	730,983	945,427
Uncashed Student Loans	4,998	3,891
Computer Systems Development	10,671	21,093
	$ 782,211	$ 978,408

Estimated Payment requirements for each of the next five years and thereafter are as follows:

	Service Contract	Capital & Operating Grants	Uncashed Student Loans	Computer Systems Development	Total
2010-11	$ 10,366	$ 517,720	$ 4,998	$ 10,671	$ 543,755
2011-12	8,960	163,892	—	—	172,852
2012-13	7,577	49,371	—	—	56,948
2013-14	6,560	—	—	—	6,560
2014-15	2,096	—	—	—	2,096
	$ 35,559	$ 730,983	$ 4,998	$ 10,671	$ 782,211

Note 8 *Contingent Liabilities*

(in thousands)

At March 31, 2010, the Department of Advanced Education and Technology is a defendant in 4 legal claims (2009 - four legal claims). These claims have specified amounts totaling $53,301 (2009 - $53,001). The resulting loss, if any, from these claims cannot be determined.

Note 9 *Payments Under Agreement*

(in thousands)

The Department has entered into agreements to deliver programs that are fully funded by the Government of Canada. Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, section 25. Accounts receivable includes $17,844 (2009 - $12,207) and accounts payable and accrued liabilities includes $6,524 (2009 - $4,402) relating to payments under agreement.

Amounts paid and payable under agreements on behalf of the Government of Canada:

	2010	2009
Canadian Millennium Scholarship Foundation		
Canadian Millennium Scholarships	$ 1,268	$ 31,612
Government of Canada		
Canada Study Grants	586	6,803
Canada Access Grants	153	4,471
Canada Student Grants	61,811	—
French Minority Language Education and French Second Language Instruction	1,774	3,945
	$ 65,592	$ 46,831

Note 10 Defined Benefit Plans

(in thousands)

The Department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $5,513 for the year ended March 31, 2010 (2009 - $5,186).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 - $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 - $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 - $7,111).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $8,335 (2009 - deficiency $33,540) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,431 (2009 - deficiency $1,051). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 11 Comparative Figures

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedules to the Financial Statements

for the year ended March 31

Schedule 1 Revenues

(in thousands)

	2010		2009
	Budget	Actual	Actual (Restated)
Internal Government Transfers			
Alberta Heritage Scholarship Fund	$ 39,072	$ 35,836	$ 34,579
Lottery Fund	105,000	105,000	101,591
	144,072	140,836	136,170
Transfers from Government of Canada			
Canada Social Transfers	523,083	531,198	516,446
Knowledge Infrastructure Program	—	97,680	—
Post-Secondary Infrastructure Trust	—	—	19,000
Other	2,437	3,630	8,165
	525,520	632,508	543,611
Investment Income			
Interest on Student Loans Issued	5,500	4,470	5,689
Consolidated Cash Investment Trust Fund	—	933	—
	5,500	5,403	5,689
Premiums, Fees and Licenses			
Marketing Apprenticeship	8,900	4,557	6,892
License Fees	1,660	2,447	4,198
Other	—	18	10
	10,560	7,022	11,100
Other Revenue			
Refund of Expenditure	2,500	4,449	2,939
Miscellaneous	450	950	1,328
	2,950	5,399	4,267
	$ 688,602	$ 791,168	$ 700,837

Schedule 2 *Credit or Recovery*

(in thousands)

	2010		
	Authorized	Actual	(Shortfall) / Excess
Ministry Support Services (a)			
Strategic Corporate Services	$ 700	$ 413	$ (287)
Support for Adult Learning (b)			
Program Delivery Support	60	60	—
Support to Post-Secondary Learners (c)			
Program Delivery Support	2,470	3,044	574
Apprenticeship Delivery (d)			
Marketing Apprenticeship	3,800	4,557	757
Research and Innovation Capacity (e)			
Energy Research	150	—	(150)
Technology Commercialization (f)			
Strategic Partnerships	137	127	(10)
	$ 7,317	$ 8,201	$ 884

The revenue of each credit or recovery is included in the Department's revenue.

(a) The Department receives reimbursements from its partners and stakeholders for the provision of information and technology management services.

(b) The Department receives reimbursements from the Government of Canada for an Aboriginal/First Nations Métis Inuit Community Engagement Study.

(c) The credit or recovery for program delivery support are amounts received from the Government of Canada to administer Canada student loans and grants. In addition the Department receives reimbursements from the Government of Canada for initiatives related to student loan programs.

(d) Marketing Apprenticeship includes providing certain services in designated trades and occupations, including: assessment of competencies in designated occupations; the assessment of individuals' prior work experience, knowledge and skills in a designated trade or occupation (Qualification Certificate Program); and application/record books, prior learning assessments, replacement of certificates in designated trades.

It also includes expertise in training and certification programs to other countries; providing consulting services with respect to training and certification to other countries and jurisdictions; and providing apprenticeship seats in Alberta's institutions on a cost recovery basis for Yukon, Northwest Territories and Nunavut apprentices.

(e) This program and its revenue have been transferred to Alberta Innovates – Energy and Environment Solutions.

(f) The Department receives reimbursements from the Government of Canada for research grants approved under the Western Economic Partnership Agreement.

Schedule 3 Expenses – Directly Incurred Detailed by Object

(in thousands)

	2010		2009
	Budget	Actual	Actual
Voted			(b) (Restated)
Salaries, Wages and Employee Benefits	$ 66,121	$ 57,627	$ 54,607
Supplies and Services	60,816	46,557	48,496
Grants	2,835,686	3,023,288	3,246,878
Other	185	157	133
Amortization of Tangible Capital Assets	5,177	2,738	2,858
Total Voted Expenses before Recoveries	2,967,985	3,130,367	3,352,972
Less:			
Recoveries from Support Service Arrangements (a)	—	(1,609)	(1,844)
	$ 2,967,985	$ 3,128,758	$ 3,351,128
Statutory			
Grants	$ 51,572	$ 52,618	$ 45,780
Valuation Adjustments			
Provision for Future Cost of Student Loans Issued	27,000	61,421	45,132
Provision for Vacation Pay and Other Provisions	5	590	668
	$ 78,577	$ 114,629	$ 91,580

(a) The Department provides information technology support services to the Department of Employment and Immigration at a cost of $1,609 (2009 - $1,844). Costs for these services are recovered from that Department.

(b) As a result of the establishment of the Alberta Innovates Corporations, certain expenditure accounts, such as salaries, benefits, and supplies and services, have been reclassified as grant payments to the corporations, as the corporations are recording the salaries, benefits and supplies and services as if they always had incurred those expenses.

Schedule 4 Budget

(in thousands)

			2010		
	Estimates	Adjustments (a)	Budget	Authorized Supplementary (b)	Authorized
Revenues					
Internal Government Transfers	$ 144,072	$ (2,272)	$ 141,800	$ —	$ 141,800
Transfers from Government of Canada	525,520	106,303	631,823	—	631,823
Investment Income	5,500	(1,200)	4,300	—	4,300
Premiums, Fees and Licenses	10,560	(4,600)	5,960	—	5,960
Other Revenue	2,950	850	3,800	—	3,800
	688,602	99,081	787,683	—	787,683
Expenses – Directly Incurred					
Voted Operating Expenses					
Ministry Support Services	30,128	700	30,828	(1,685)	29,143
Support for Adult Learning	2,147,736	60	2,147,796	(55,478)	2,092,318
Support to Post-Secondary Learners	116,620	170	116,790	8,151	124,941
Post-Secondary Facilities Infrastructure	484,374	—	484,374	217,176	701,550
Apprenticeship Delivery	39,090	(5,100)	33,990	(370)	33,620
Research and Innovation Capacity	90,398	150	90,548	11,653	102,201
Technology Commercialization	59,639	—	59,639	(781)	58,858
Dedicated Revenue Shortfall (Schedule 2)	—	—	—	—	—
	2,967,985	(4,020)	2,963,965	178,666	3,142,631
Statutory					
Provision for Future Cost of Student Loans Issued	27,000	32,600	59,600	—	59,600
Alberta Heritage Scholarships	39,072	(2,272)	36,800	—	36,800
Alberta Centennial Education Savings Plan	12,500	—	12,500	—	12,500
Valuation Adjustments and Other Provisions	5	—	5	—	5
	78,577	30,328	108,905	—	108,905
Total Expenses	3,046,562	26,308	3,072,870	178,666	3,251,536
Net Operating Results	$(2,357,960)	$ 72,773	$(2,285,187)	$ (178,666)	$(2,463,853)
Equipment and Inventory Purchases (EIP)	$ 9,147	$ —	$ 9,147	$ —	$ 9,147
Non-Budgetary Disbursements	$ 139,300	$ —	$ 139,300	$ 30,000	$ 169,300

(a) Budget adjustments were made as follows:

Revenues:

- $2,272 decrease in statutory dedicated revenues offset by decreases in program expense pursuant to the *Financial Administration Act* section 24(2).
- $106,303 increase in revenues from Government of Canada ($97,681 for federal stimulus funding through the Knowledge Infrastructure Program, $8,392 increase in Canada Social Transfer).
- $1,200 decrease in interest income.
- $4,600 net decrease in Premiums, Fees and Licenses primarily due to a $5,100 decrease in Apprenticeship Services dedicated revenues offset by decreases in program expense pursuant to the *Financial Administration Act* section 24(2).
- $850 increase in other revenue related to two approved dedicated revenue items offset by increases in program expense pursuant to the *Financial Administration Act* section 24(2).

Expenses:

- $4,020 net decrease in voted dedicated revenues offset by decreases in program expense pursuant to the *Financial Administration Act* section 24(2).
- $32,600 increase in statutory expenses approved by Treasury Board in Third Quarter Forecast.
- $2,272 decrease in statutory dedicated revenues offset by decreases in program expense pursuant to the *Financial Administration Act* section 24(2).

(b) Supplementary Estimates were approved on March 1, 2010.

Schedule 5

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

(in thousands)

		2009-10 Budget	Adjustments (a)	Authorized Supplementary (b)	2009-10 Authorized Budget	Actual Expense (c)	Unexpended (Over-expended)
Voted Operating Expenses and Equipment/Inventory Purchases							
1 Ministry Support Services							
1.0.1	Minister's Office	$ 575	$ —	$ —	$ 575	$ 480	$ 95
1.0.2	Deputy Minister's Office	708	—	—	708	594	114
1.0.3	Communications	981	—	(9)	972	810	162
1.0.4	Strategic Corporate Services						
	• Operating Expense	24,725	700	(1,539)	23,886	23,643	243
	• Equipment and Inventory Purchases	1,217	—	—	1,217	1,128	89
1.0.5	Corporate Costs	3,139	—	(137)	3,002	1,993	1,009
Sub-Total		31,345	700	(1,685)	30,360	28,648	1,712
2 Support for Adult Learning							
2.0.1	Program Delivery Support	12,690	60	(500)	12,250	11,570	680
2.0.2	Universities	990,530	—	—	990,530	1,005,343	(14,813)
2.0.3	Public Colleges	484,974	—	(17,800)	467,174	465,627	1,547
2.0.4	Technical Institutes	275,919	—	(9,135)	266,784	246,323	20,461
2.0.5	Banff Centre	15,845	—	—	15,845	15,955	(110)
2.0.6	Private University Colleges	21,925	—	—	21,925	21,183	742
2.0.7	Inter-Jurisdiction Programs	7,424	—	—	7,424	7,750	(326)
2.0.8	Community Education	25,042	—	(2,100)	22,942	21,877	1,065
2.0.9	Enrolment Planning Envelope	265,603	—	(7,853)	257,750	268,865	(11,115)
2.0.10	Other Program Support						
	• Operating Expense	47,784	—	(18,090)	29,694	21,260	8,434
	• Equipment and Inventory Purchases	—	—	—	—	723	(723)
Sub-Total		2,147,736	60	(55,478)	2,092,318	2,086,476	5,842
3 Support to Post-Secondary Learners							
3.0.1	Program Delivery Support						
	• Operating Expense	24,820	170	(1,476)	23,514	19,539	3,975
	• Equipment and Inventory Purchases	3,000	—	—	3,000	2,233	767
3.0.2	Achievement Scholarships	39,000	—	(2,073)	36,927	35,625	1,302
3.0.3	Bursaries and Grants	27,800	—	2,200	30,000	28,940	1,060
3.0.4	Student Loan Relief Benefit	25,000	—	9,500	34,500	33,432	1,068
Sub-Total		119,620	170	8,151	127,941	119,769	8,172
4 Post-Secondary Facilities Infrastructure							
4.0.1	Capital Expansion and Upgrading						
	• Expense	323,232	—	160,887	484,119	499,683	(15,564)
	• Expense funded by Lotteries	40,000	—	—	40,000	40,000	—
4.0.2	Capital Maintenance and Renewal						
	• Expense	56,142	—	56,289	112,431	96,865	15,566
	• Expense funded by Lotteries	65,000	—	—	65,000	65,000	—
Sub-Total		484,374	—	217,176	701,550	701,548	2

Schedule 5

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget (continued)

(in thousands)

		2009-10 Budget	Adjustments (a)	Authorized Supplementary (b)	2009-10 Authorized Budget	Actual Expense (c)	Unexpended (Over-expended)
Voted Operating Expenses and Equipment/Inventory Purchases							
5 Apprenticeship Delivery							
5.0.1	Apprenticeship Delivery Support						
	• Operating Expense	30,190	—	(370)	29,820	30,223	(403)
	• Equipment and Inventory Purchases	430	—	—	430	367	63
5.0.2	Marketing Apprenticeship	8,900	(5,100)	—	3,800	3,938	(138)
Sub-Total		39,520	(5,100)	(370)	34,050	34,528	(478)
6 Research and Innovation Capacity							
6.0.1	Program Delivery Support	9,728	—	—	9,728	5,030	4,698
6.0.2	Research Capacity	21,600	—	(2,062)	19,538	26,673	(7,135)
	Grant to Alberta Innovates – Bio Solutions	—	—	—	—	21,097	(21,097)
	Grant to Alberta Innovates – Energy and Environment Solutions	—	—	—	—	26,813	(26,813)
6.0.3	Innovation and Service Excellence Program						
	• Operating Expense	—	—	5,615	5,615	3,270	2,345
	• Equipment and Inventory Purchases	—	—	—	—	530	(530)
6.0.4	Energy Research	15,200	150	10,300	25,650	—	25,650
6.0.5	Life Sciences Research	21,485	—	(200)	21,285	—	21,285
6.0.6	Information and Communications Technology Research	14,485	—	(2,000)	12,485	11,294	1,191
6.0.7	Nanotechnology Research	7,900	—	—	7,900	—	7,900
Sub-Total		90,398	150	11,653	102,201	94,707	7,494
7 Technology Commercialization							
7.0.1	Program Delivery Support	3,787	—	(207)	3,580	4,012	(432)
7.0.2	Strategic Partnerships	9,612	—	(509)	9,103	11,517	(2,414)
7.0.3	Commercialization Capacity						
	• Operating Expense	19,840	—	(65)	19,775	21,116	(1,341)
	• Equipment and Inventory Purchases	4,500	—	—	4,500	3,777	723
7.0.4	Transfer to Alberta Enterprise Corporation	1,000	—	—	1,000	1,000	—
7.0.5	Transfer to Alberta Research Council Inc.	25,400	—	—	25,400		25,400
	Transfer to Alberta Innovates – Technology Futures	—	—	—	—	30,418	(30,418)
Sub-Total		64,139	—	(781)	63,358	71,840	(8,482)
Dedicated Revenue Shortfall (Schedule 2)		—	—	—	—	—	—
Total Voted Expenses		$ 2,977,132	$ (4,020)	$ 178,666	$ 3,151,778	$ 3,137,516	$ 14,262

Schedule 5

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget (continued)

(in thousands)

		2009-10 Budget	Adjustments (a)	Authorized Supplementary (b)	2009-10 Authorized Budget	Actual Expense (c)	Unexpended (Over-expended)
Voted Operating Expenses and Equipment/Inventory Purchases							
Purchases							
	Operating Expenses	$ 2,862,985	$ (4,020)	$ 178,666	$ 3,037,631	$ 3,023,758	$ 13,873
	Operating Expenses Funded by Lotteries	105,000	—	—	105,000	105,000	—
	Equipment and Inventory Purchases	9,147	—	—	9,147	8,758	389
Total Voted Expenses		$ 2,977,132	$ (4,020)	$ 178,666	$ 3,151,778	$ 3,137,516	$ 14,262
Statutory Expenses							
	Provision for Future Cost of Student Loans Issued	$ 27,000	$ 32,600	$ —	$ 59,600	$ 61,421	$ (1,821)
	Alberta Heritage Scholarships	39,072	(2,272)	—	36,800	35,836	964
	Alberta Centennial Education Savings Plan	12,500	—	—	12,500	16,782	(4,282)
	Valuation Adjustments and Other Provisions	5	—	—	5	590	(585)
Department Statutory Expenses		$ 78,577	$ 30,328	$ —	$ 108,905	$ 114,629	$ (5,724)
Non-Budgetary Disbursements by Program							
3 Support to Post-Secondary Learners							
3.0.5	Student Loans Servicing Cost	$ 800	$ —	$ —	$ 800	$ 498	$ 302
3.0.6	Student Loan Relief – Completion Payments	—	—	—	—	6	(6)
3.0.7	Student Loan Disbursements	138,500	—	30,000	168,500	164,003	4,497
Total Non-Budgetary Disbursements		$ 139,300	$ —	$ 30,000	$ 169,300	$ 164,507	$ 4,793

(a) Budget adjustments were made as follows:

- $4,020 net decrease in voted dedicated revenues offset by decreases in program expense pursuant to the *Financial Administration Act* section 24(2).
- $32,600 increase in statutory expenses approved by Treasury Board in Third Quarter Forecast.
- $2,272 decrease in statutory dedicated revenues offset by decreases in program expense pursuant to the *Financial Administration Act* section 24(2).

(b) Authorized Supplementary adjustments were made as follows:

- Supplementary Estimates were approved on March 1, 2010.
- $30,000 increase in non-budgetary disbursements approved by Treasury Board in Second Quarter Forecast.

Schedule 6 ***Funding Provided to Post-Secondary Institutions and Research Entities*** *(in thousands)*

		Operating Grants		Grants for Infrastructure	
		2010	2009 (Restated)	2010	2009
Public Post-Secondary Institutions					
Comprehensive Academic and Research Institutions	Athabasca University	$ 40,351	$ 36,727	$ 8,558	$ 919
	University of Alberta	591,730	552,189	311,466	396,430
	University of Calgary	432,135	398,852	193,656	199,407
	University of Lethbridge	96,898	92,722	4,691	48,313
Baccalaureate and Applied Studies Institutions	Grant MacEwan University	97,923	102,183	9,281	11,380
	Mount Royal University	77,049	88,600	17,557	10,782
Polytechnical Institutions	Northern Alberta Institute of Technology	166,501	180,529	10,581	29,979
	Southern Alberta Institute of Technology	147,147	147,320	70,367	23,217
Comprehensive Community Institutions	Bow Valley College	33,155	31,453	39,670	67,409
	Grande Prairie Regional College	37,924	24,435	3,887	2,650
	Keyano College	36,804	38,343	2,638	6,028
	Lakeland College	31,459	31,009	2,437	16,656
	Lethbridge College	40,988	41,253	3,077	4,857
	Medicine Hat College	28,889	28,970	2,684	13,040
	NorQuest College	36,584	36,393	2,863	5,373
	Northern Lakes College	24,935	28,563	1,886	2,202
	Olds College	23,387	24,532	3,265	6,081
	Portage College	20,780	21,305	2,005	7,865
	Red Deer College	45,626	54,668	3,774	7,894
Specialized Arts and Culture Institutions	Alberta College of Art + Design	11,488	11,809	1,823	274
	Banff Centre	15,964	14,961	4,914	2,914
Total Public Post-Secondary Institutions		2,037,717	1,986,816	701,080	863,670
Independent Academic Institutions	Ambrose University College	2,495	2,304	—	—
	Canadian University College	2,715	2,596	—	—
	Concordia University College of Alberta	11,697	11,130	—	—
	St. Mary's University College	2,765	2,582	—	—
	Taylor University College and Seminary	307	1,458	—	—
	The King's University College	4,277	4,786	—	—
Private Vocational Schools	Columbia College	109	61	—	—
Other Colleges	Yellowhead Tribal College	—	183	—	—
	Blue Quills First Nations College	676	70	—	—
	Maskwachees Cultural College	62	—	—	—
	Nechi Training, Research and Health Promotions Institute	70	44	—	—
	Red Crow Community College	256	283	—	—
	Old Sun Community College	272	274	—	—
Total Funding Provided to Institutions		2,063,418	2,012,587	701,080	863,670
Research Entities	Alberta Innovates – Energy and Environment Solutions (a)	26,813	29,976	—	—
	Alberta Innovates – Bio Solutions (b)	21,097	21,323	—	—
	Alberta Innovates – Health Solutions	—	—	—	—
	Alberta Innovates – Technology Futures (c)	57,634	63,145	—	—
Total Funding Provided to Research Entities		105,544	114,444	—	—
Total Funding Provided to Post-Secondary Institutions and Research Entities		$ 2,168,962	$ 2,127,031	$ 701,080	$ 863,670

(a) Includes the Department's actual expenses related to the programs transferred to Alberta Innovates – Energy & Environment Solutions.

(b) Includes the Department's actual expenses related to the programs transferred to Alberta Innovates – Bio Solutions.

(c) Includes the Department's grants expenses to ARC, iCORE, and Alberta Ingenuity and expenses related to the department programs transferred to Alberta Innovates – Technology Futures.

Schedule 7

Salary and Benefits Disclosure

	2010				2009
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total (Restated)
Deputy Minister (4) (5)	$ 264,576	$ —	$ 63,820	$ 328,396	$ 368,903
Executives:					
Post-Secondary Excellence (6) (7)	182,136	—	44,669	226,805	285,478
Community, Learner and Industry Connections	185,472	—	45,679	231,151	243,811
Research and Innovation (8)	185,472	17,766	46,058	249,296	251,263
Advanced Technology Industries (9)	185,472	8,527	45,903	239,902	267,261
Executive Lead, Innovation Initiatives (10) (11)	94,157	81,011	21,992	197,160	251,399
Senior Financial Officer	151,716	—	38,404	190,120	194,749
Human Resources Director	129,588	—	32,620	162,208	161,011

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes regular base pay.

(2) Other cash benefits include vacation payouts. There were no bonuses paid in 2010.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums (estimated), learning account items, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other-cash benefits.

(5) Other cash benefits include a vacation payout of nil (2009 - $9,719).

(6) Other cash benefits include a vacation payout of nil (2009 - $52,450).

(7) Position occupied by two individuals during the prior year.

(8) Other cash benefits include a vacation payout of $17,766 (2009 - nil).

(9) Other cash benefits include a vacation payout of $8,257 (2009 - $7,938).

(10) Other cash benefits include a vacation payout of $81,011 (2009 - nil).

(11) Position only occupied by individual for the first 6 months of the year.

Schedule 8 ***Related Party Transactions*** *(in thousands)*

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties which are recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities Outside the Ministry	
	2010	2009 (Restated)	2010	2009 (Restated)
Revenues				
Grants	$ —	$ —	$ 140,836	$ 136,170
Other	278	282	—	—
	$ 278	$ 282	$ 140,836	$ 136,170
Expenses – Directly Incurred				
Grants	$ 2,845,340	$ 3,054,849	$ 1,090	$ 142
Other Services	2,353	3,209	3,395	3,450
	$ 2,847,693	$ 3,058,058	$ 4,485	$ 3,592
Tangible Capital Assets Transferred	$ —	$ —	$ 4,307	$ 1,038
Receivables from	$ 1,088	$ 288	$ —	$ —
Payables to	$ 83,397	$ 25,492	$ 76	$ 31

The above transactions do not include support service arrangement transactions disclosed in Schedule 9.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Accommodation and Legal expenses incurred by others are disclosed in Schedule 9.

	Other Entities Outside the Ministry	
	2010	2009 (Restated)
Expenses – Incurred by Others		
Accommodation (1)	$ 13,623	$ 9,126
Shared Services	5,477	5,409
Legal	506	420
Air Transportation Services	95	66
Internal Audit	94	65
GOA Learning Centre	42	39
	$ 19,837	$ 15,125

(1) The calculation methodology used by the Ministry of Infrastructure to allocate accommodation costs changed between 2008-09 and 2009-10. In the past, individual building costs used by the Department were added together. This year, Infrastructure has developed a single rate for all government premises and applied it to the floor space occupied by the Department.

Schedule 9 *Allocated Costs*

(in thousands)

	2010							2009
		Expenses – Incurred by Others			Valuation Adjustments (3)			
	Expenses (1)	Accommodation Costs (2)	Shared Services	Legal Services	Provision for Future Cost of Student Loans Issued	Vacation Pay and Other Provisions	Total Expenses	Total Expenses (Restated)
Program								
Ministry Support Services	$ 27,520	$ 1,337	$ 5,477	$ 334	$ —	$ 56	$ 34,724	$ 34,445
Support for Adult Learning	2,085,753	2,005	—	1	—	85	2,087,844	2,036,996
Support to Post-Secondary Learners	170,154	2,628	—	10	61,421	110	234,323	198,769
Post-Secondary Facilities Infrastructure	701,548	—	—	—	—	—	701,548	873,970
Apprenticeship Delivery	34,161	5,186	—	23	—	219	39,589	41,062
Research and Innovation Capacity	94,177	761	—	126	—	48	95,112	106,872
Technology Commercialization	68,063	1,706	—	12	—	72	69,853	165,549
	$ 3,181,376	$ 13,623	$ 5,477	$ 506	$ 61,421	$ 590	$ 3,262,993	$ 3,457,663

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments. Support for Adult Learners includes Alberta Heritage Scholarships and Alberta Centennial Education Savings Plan (ACES).

(2) Costs shown for Accommodations are allocated based on proportion of full time equivalent staff.

(3) Valuation Adjustments as per Statement of Operations:

- Vacation Pay – allocated to program based on proportion of full-time-equivalent staff.
- Provision for Future Cost of Student Loans Issued – allocated to Support for Adult Learners.

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Access to the Future Fund

Financial Statements

March 31, 2010

Audited Information

Auditor's Report

Statements of Operations

Statements of Financial Position

Statements of Cash Flows

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Schedules to the Financial Statements

1 Renaissance Fund – Funding Provided to Eligible Recipients

2 Innovation Fund – Projects

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Minister of Advanced Education and Technology

I have audited the statements of financial position of the Access to the Future Fund as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
June 16, 2010

Statement of Operations

for the year ended March 31, 2010 *(in thousands)*

	2010		2009
	Budget	Actual	Actual
Revenue			
Internal Government Transfers			
Transfer from Department of Finance and Enterprise	$ 48,728	$ 48,398	$ 47,126
Investment Income			
Interest	400	128	447
Total Revenue	49,128	48,526	47,573
Expense			
Program			
Access to the Future Fund (Schedule 1 and 2)	48,158	45,069	46,256
Program Delivery Support	450	278	282
Total Expenses	48,608	45,347	46,538
Net Operating Results	$ 520	$ 3,179	$ 1,035

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

as at March 31, 2010 *(in thousands)*

	2010	2009
Assets		
Cash (Note 4)	$ 28,558	$ 12,413
	$ 28,558	$ 12,413
Liabilities		
Accounts Payable and Accrued Liabilities	$ 17,838	$ 4,872
	17,838	4,872
Net Assets		
Net Assets at Beginning of Year	7,541	6,506
Net Operating Results	3,179	1,035
Net Assets at End of Year	10,720	7,541
	$ 28,558	$ 12,413

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

for the year ended March 31, 2010 *(in thousands)*

	2010	2009
Operating Transactions		
Net Operating Results	$ 3,179	$ 1,035
Increase (Decrease) in Accounts Payable and Accrued Liabilities	12,966	(21,355)
Cash Generated from (Applied to) Operating Transactions	16,145	(20,320)
Increase (Decrease) in Cash	16,145	(20,320)
Cash and Cash Equivalents, Beginning of Year	12,413	32,733
Cash and Cash Equivalents, End of Year	$ 28,558	$ 12,413

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2010

Note 1 *Authority and Purpose*

The Access to the Future Fund (the Fund) operates under the authority of the *Access to the Future Act*.

The purpose of the Fund is to support innovation and excellence by enhancing and expanding opportunities for Albertans to participate in accessible, affordable and high-quality advanced education opportunities. The Fund has two programs:

- The Renaissance Fund provides matching payments to stimulate donations for post-secondary institutions and apprenticeship scholarships. Eligible recipients for the Renaissance Fund matching program are Public Post-Secondary Institutions, Private University Colleges, Aboriginal Colleges and Alberta Apprenticeship and Industry Training Scholarships. Each year, eligible organizations are allocated a proportion of the total available funding and are provided the flexibility and autonomy to identify priority donations for matching.
- The Innovation Fund supports project-based initiatives aimed at increasing innovation, collaboration and participation within the advanced learning system.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices*

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Fund.

(a) Reporting Entity

The reporting entity is the Access to the Future Fund, which is part of the Ministry of Advanced Education and Technology and for which the Minister of Advanced Education and Technology is accountable. Other entities accountable to the Minister are the Department of Advanced Education and Technology, Alberta Enterprise Corporation, Alberta Innovates corporations, and the Public Post-Secondary Institutions. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial positions and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Expenses

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made

Assets

Financial assets of the Fund are limited to cash transferred or interest receivable from the General Revenue Fund of the Province of Alberta (General Revenue Fund).

Net Assets

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Note 3 Advanced Education Endowment

(in thousands)

	2010	2009 (Restated)
Opening balance	$ 1,075,513	$ 1,047,238
Inflation proofing	—	28,275
Closing balance	$ 1,075,513	$ 1,075,513

The Advanced Education Endowment (the Endowment) is an account within the Alberta Heritage Savings Trust Fund that was established by the *Access to the Future Act*. As per section 4(7) of the *Access to the Future Act*, an amount equal to 4.5% of the total amount allocated to the Endowment shall be paid annually from the General Revenue Fund to the Fund.

The Endowment is inflation-proofed in accordance with section 4(6) of the *Access to the Future Act* and section 11 of the *Alberta Heritage Savings Trust Fund Act*. The amount of funding allocated to the Endowment for inflation proofing is an estimate and the actual amount will not be known until after the finalization of the Alberta Heritage Savings Trust Fund financial statements. 2009 amounts have been restated to reflect this subsequent information.

Note 4 Cash

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2010, securities held by the Fund have a time-weighted rate of return of 1% per annum (2009: 3% per annum).

Note 5 Related Party Transactions

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include the Department.

The Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2010	2009	2010	2009
Revenues				
Transfer from Department of Finance and Enterprise	$ —	$ —	$ 48,398	$ 47,126
	$ —	$ —	$ 48,398	$ 47,126
Expense - Directly Incurred				
Grants	$ 42,172	$ 42,718	$ 327	$ 807
Program Delivery Support	278	282	—	—
	$ 42,450	$ 43,000	$ 327	$ 807
Payable to	$ 15,891	$ 3,272	$ 327	$ —

Note 6 Commitments

Grants totaling $60,000 (2009 - $2,677,812) have met eligibility criteria and will be authorized for payment as monies are approved from the fund.

Note 7 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedules to the Consolidated Financial Statements

for the year ended March 31, 2010 and 2009

Schedule 1

Renaissance Fund – Funding Provided to Eligible Recipients

(in thousands)

	2010	2009
Public Post-Secondary Institutions		
Alberta College of Art + Design	$ 600	$ 1,244
Athabasca University	1,350	1,050
Bow Valley College	1,200	1,200
Grande Prairie Regional College	1,534	695
Grant MacEwan University	3,000	3,000
Keyano College	1,200	1,200
Lakeland College	642	1,057
Lethbridge College	1,200	1,200
Medicine Hat College	1,200	1,200
Mount Royal University	3,000	3,000
NorQuest College	1,200	1,200
Northern Alberta Institute of Technology	3,000	3,000
Northern Lakes College	297	71
Olds College	1,200	1,200
Portage College	1,455	501
Red Deer College	1,200	1,200
Southern Alberta Institute of Technology	3,000	3,000
The Banff Centre	1,200	1,200
The University of Alberta	5,000	5,000
The University of Calgary	5,000	5,000
The University of Lethbridge	3,000	3,000
	40,478	39,218
Accredited Private Not-for-Profit Post-Secondary Institutions		
Ambrose University College	240	200
Canadian University College	240	200
Concordia University College of Alberta	240	200
St. Mary's University College	240	200
Taylor University College and Seminary	—	200
The King's University College	240	200
	1,200	1,200
First Nations, Métis and Inuit Colleges		
Blue Quills First Nations College	190	400
Maskwachees Cultural College	190	200
Nechi Training, Research and Health Promotions Institute	190	200
Old Sun Community College	190	200
Red Crow Community College	190	200
Yellowhead Tribal College	190	200
	1,140	1,400
AIT Scholarships		
Alberta Heritage Scholarship Fund	327	807
	327	807
Total	$ 43,145	$ 42,625

Schedule 2 *Innovation Fund – Projects*

(in thousands)

	2010
Best Practices in Supporting Alternate Learners	$ 354
Inclusive Student Engagement Model	540
Health Literacy	230
Bridging the Learning in the 21st Century	700
Rural Experiential Learning Initiative	100
Total	$ 1,924

	2009
Humanities 101 (St. Mary's College)	$ 131
Experiential and Collaborative Learning in Physical Science Education	1,750
Advanced Microscopy Equipment to Improve Undergraduate Science Education	1,750
Total	$ 3,631

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Alberta Enterprise Corporation

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March 31, 2010

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3 Related Party Transactions

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Directors

I have audited the statements of financial position of the Alberta Enterprise Corporation as at March 31, 2010 and 2009 and the statements of operations and cash flows for the year ended March 31, 2010 and period ended March 31, 2009. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the year ended March 31, 2010 and period ended March 31, 2009 in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
June 9, 2010

Statements of Financial Position

as at March 31 *(in thousands)*

	2010	2009
Assets		
Cash (Note 3)	$ 101,037	$ 100,012
Accounts Receivable	7	—
Investments (Note 4)	2,732	—
	$ 103,776	$ 100,012
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	$ 4,969	$ 12
	4,969	12
Net Assets		
Net Assets at Beginning of Year	100,000	—
Net Operating Results	(1,078)	100,000
Change in Unrealized Investment Loss (Note 4)	(115)	—
Net Assets at End of Year	98,807	100,000
	$ 103,776	$ 100,012
Contractual Obligations (Note 4)		

The accompanying notes and schedules are part of these financial statements.

Approved by the Board of Directors

original signed by
Paul Haggis
Chair of the Board
Alberta Enterprise Corporation

original signed by
Barry Heck
Chair of the Audit Committee
Alberta Enterprise Corporation

Statements of Operations

for the year ended March 31, 2010 and period ending March 31, 2009 *(in thousands)*

	2010 Budget (Note 6)	2010 Actuals	2009 Actuals
Revenues			
Grant from Government of Alberta	$ 1,000	$ 1,000	$ 100,053
Interest Income	2,000	—	—
Net Gain on Partnership Income	—	6	—
	3,000	1,006	100,053
Expenses - Directly Incurred (Schedule 1)			
Operating Costs	1,000	995	53
Investment Expenses	—	1,089	—
	1,000	2,084	53
Net Operating Results	$ 2,000	$ (1,078)	$ 100,000

The accompanying notes and schedules are part of these financial statements.

Statements of Cash Flows

for the year ended March 31, 2010 and period ending March 31, 2009 *(in thousands)*

	2010	2009
Operating Transactions		
Net Operating Results	$ (1,078)	$ 100,000
Increase in Accounts Receivable	(7)	—
Increase in Accounts Payable and Accrued Liabilities	4,957	12
Cash Provided from Operating Transactions	3,872	100,012
Investing Transactions		
Unrealized Investment Losses	(115)	—
Purchase of Investments	(2,732)	—
	(2,847)	—
Increase in Cash	1,025	100,012
Cash, Beginning of Year	100,012	—
Cash, End of Year	$ 101,037	$ 100,012

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

Year ended March 31, 2010 and period ending March 31, 2009

Note 1 *Authority and Purpose*

The Alberta Enterprise Corporation (the Corporation) is a Provincial Corporation that operates under the authority of the *Alberta Enterprise Corporation Act.*

The Alberta Enterprise Corporation was established on December 5, 2008 and is part of a strategy to encourage technology commercialization and promote growth in Alberta's venture capital industry.

The Corporation is exempt from Canadian federal and Alberta provincial income taxes.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices*

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Corporation.

(a) Reporting Entity

The reporting entity is the Corporation, which is part of the Ministry of Advanced Education and Technology and for which the Minister of Advanced Education and Technology is accountable. Other entities accountable to the Minister are the Department of Advanced Education and Technology, Access to the Future Fund, Alberta Innovates corporations, and the Public Post-Secondary Institutions. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial positions and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue. Grants from the Government of Alberta are recognized as revenue in the year the transfers are authorized.

Investment income is recorded on the accrual basis. Gains and losses arising from disposals of investments are included in the determination of investment income.

Expenses

Expenses are recognized when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

Assets

Financial assets of the Corporation include cash and investments.

Investments in limited partnerships are recorded on an equity basis. The cost of the initial investment is based upon capital contributions. Income or losses from the partnerships are determined on an accrual basis. Partnership income is recorded as an increase to cash and income when income has been received. Distributions from the partnership including returns of capital are recorded as an increase in cash and a decrease in the investment account. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Corporation and its liabilities.

Note 3 Cash

(in thousands)

Cash in the amount of $101,037 (2009 - $100,012) are comprised of cash deposited in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is administered by the Ministry of Finance and Enterprise with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital.

CCITF is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2010, securities held by the Corporation have an average effective yield of 1% per annum (2009: 3% per annum).

Note 4 Investments

(in thousands)

The Government of Alberta has allocated $100,000 to the Corporation for investments in limited partnerships that provide venture capital in knowledge-based industries.

The Corporation is a limited partner in two (2009: none) limited partnerships and $29,234 (2009: $0) has been committed to these limited partnerships. Committed funds are paid into the partnerships in amounts and at times determined by the general partner in order to meet the partnership's funding requirements. The Corporation's disbursements to date are as follows:

	Chrysalix Energy III Alta Fund (a)	Yaletown Ventures II	Total
Funds disbursed to partnership for:			
Investments	$ 1,691	$ 1,150	$ 2,841
Investment Expenses (b) (c)	723	250	973
Sub-Total	2,414	1,400	3,814
Remaining Commitment	12,820	12,600	25,420
Total Funding Committed	$ 15,234	$ 14,000	$ 29,234

(a) Commitments are payable in US dollars. Amounts above are based upon exchange rate on March 31, 2010.

(b) Investment Expenses include management fees for each partnership's general partner as well as the Corporation's share of costs incurred by the partnership in connection with the start-up and organization of the partnership and the offering and sale of interests in the partnership.

(c) In addition to the amounts noted above, the Corporation also paid $116 in 2009-10 into partnerships for other fees that are authorized under the limited partnership agreements but are not part of its total funding commitment. These fees are included in Investment Expenses on the Statements of Operations.

The Corporation's investments in limited partnerships are recorded on an equity basis. Equity in each partnership includes contributions to the partnership for investments. It also includes a share of the income and losses of the partnership based on the Corporation's funding commitment to the partnership as a proportion of the total funding committed by all partners.

The Corporation's equity in partnerships is as follows:

	Chrysalix Energy III Alta Fund	Yaletown Ventures II	Total
Equity in Partnership, April 1, 2009	$ —	$ —	$ —
Funds disbursed to partnership for investments	1,691	1,150	2,841
Corporation's share of partnership operating income (loss)	125	(119)	6
Corporation's share of partnership unrealized investment losses	(94)	(21)	(115)
Equity in Partnership, March 31, 2010	$ 1,722	$ 1,010	$ 2,732

Note 5 Accounts Payable and Accrued Liabilities

(in thousands)

	2010	2009
Accounts Payable and Accrued Liabilities		
Accounts Payable	$ 64	$ —
Accrued Liabilities	4,905	12
	$ 4,969	$ 12

Note 6 Budget

(in thousands)

An operating surplus of $2,000 was projected when the Corporation's budget was established. Two changes in accounting policy were made after the budget was set, however, the budget was not restated to reflect these changes. The changes in accounting policy are the reason for the Corporation's operating deficit of $1,078.

These changes in accounting policy are as follows.

Interest earnings on the Corporation's bank account are remitted to the Government of Alberta and are not retained by the Corporation. This practice was implemented after the budget was finalized so the Statements of Operations include a budget for interest earnings but no actuals.

Investment expenses related to management fees and other fees authorized under partnership agreements are recorded as an expense when authorized and are not included as part of the Corporation's equity in the partnership. This practice was implemented after the budget was finalized so the Statements of Operations include actuals but no budget.

Note 7 Approval of Financial Statements

The financial statements were approved by the Board of Directors.

Schedules to the Financial Statements

for the year ended March 31, 2010 and the period ending March 31, 2009

Schedule 1

Expenses – Directly Incurred Detailed by Object

(in thousands)

	Budget	2010	2009
Grants	$ 41	$ 69	$ —
Salaries, Wages, Benefits and Payments to Consultants	198	126	—
Supplies and Services	761	1,889	53
	$ 1,000	$ 2,084	$ 53

Schedule 2

Executive Compensation

	2010			2009
	Base Salary (1)	Other Cash Benefits (2)	Total	Total
Chair of the Board (3)	$ —	$ 69,600	$ 69,600	$ —
Board Members (3)	—	134,000	134,000	—
Executives:				
Chief Executive Officer (4)	128,333	35,000	163,333	—
Director, Investments (5)	75,000	3,000	78,000	—
Director, Industry Development (6)	12,530	500	13,030	—

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base compensation is established through contractual agreements.

(2) Other Cash Benefits include honoraria, founding allowances, per diem allowances, and incidental expense allowances. No non-cash benefits are provided.

(3) Payments to the Chair and Board Members commenced in April 2009.

(4) The Chief Executive Officer position was filled in September 2009.

(5) The Director of Investments position was filled in October 2009.

(6) The Director of Industry Development position was filled in February 2010.

Schedule 3

Related Party Transactions

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Alberta Enterprise Corporation.

Entities in the Ministry refers to entities consolidated in the Ministry of Advanced Education and Technology. Other entities outside of the Ministry relates to the remaining entities consolidated at the Provincial level.

Alberta Enterprise Corporation had the following transactions with related parties which are recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities Outside the Ministry	
	2010	2009	2010	2009
Revenues				
Grants	$ 1,000	$ 100,053	$ —	$ —
Expenses – Directly Incurred				
Other Services	$ —	$ —	$ 1	$ —
Payables to	$ 945	$ 12	$ —	$ —

Alberta Innovates – Bio Solutions

Financial Statements

March 31, 2010

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3. Related Party Transactions
4. Allocated Costs
5. Restatement of Financial Information

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Directors

I have audited the statements of financial position of Alberta Innovates – Bio Solutions as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of Bio Solutions management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Bio Solutions as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
June 7, 2010

Statements of Financial Position

as at March 31 *(in thousands)*

	2010	2009
Assets		
Cash (Note 3)	$ 18,049	$ 21,050
Accounts Receivable	216	1,461
	$ 18,265	$ 22,511
Liabilities		
Accounts Payable and Accrued Liabilities	$ 651	$ 1,509
Unearned Revenue (Note 4)	14,433	21,002
	15,084	22,511
Net Assets		
Net Assets at Beginning of Year	—	—
Net Operating Results	3,181	—
Net Assets at End of Year	3,181	—
	$ 18,265	$ 22,511
Contractual Obligations (Note 6)		

The accompanying notes and schedules are part of these financial statements.

Approved by the Board of Directors

original signed by
Brian Hesje
Chair of the Audit Committee
Board Member
Alberta Innovates – Bio Solutions

original signed by
Art Froehlich
Chair of the Board
Alberta Innovates – Bio Solutions

Statements of Operations

for the year ended March 31 *(in thousands)*

	2010		2009
	Budget	Actuals	Actuals
Revenues			
Grants from Government of Alberta	$ 29,057	$ 27,725	$ 27,956
Grants from the Alberta Heritage Science and Engineering Research Fund	—	236	—
Grants from Government of Canada	—	94	150
Investment Income	402	182	106
	29,459	28,237	28,212
Expenses - Directly Incurred (Note 2, Schedule 1 and 4)			
Agriculture Research Grants	4,061	4,031	5,863
Forestry Research Grants	11,965	12,127	9,141
Life Sciences Research Grants	3,406	685	4,342
Prion Research Grants	7,472	5,784	6,170
Program Delivery Support	2,555	2,429	2,696
	29,459	25,056	28,212
Net Operating Results	$ —	$ 3,181	$ —

The accompanying notes and schedules are part of these financial statements.

Statements of Cash Flows

for the year ended March 31 *(in thousands)*

	2010	2009
Operating Transactions		
Net Operating Results	$ 3,181	$ —
Decrease in Accounts Receivable	1,245	393
Decrease in Accounts Payable and Accrued Liabilities	(858)	(343)
Decrease in Unearned Revenue	(6,569)	(6,756)
Cash Applied to Operating Transactions	(3,001)	(6,706)
Decrease in Cash	(3,001)	(6,706)
Cash, Beginning of Year	21,050	27,756
Cash, End of Year	$ 18,049	$ 21,050

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2010

Note 1 *Authority and Purpose*

Alberta Innovates – Bio Solutions (the Corporation) was established on January 1, 2010 and operates under the authority of the Alberta Research and Innovation Act. The objects of the Corporation are to support, for the economic and social well-being of Albertans, bio-industries research and innovation activities aligned to meet Government of Alberta priorities, including, without limitation, activities directed at the development and growth of the bio-industries sector, the discovery of new knowledge and the application of that knowledge.

The Corporation is exempt from Canadian federal and Alberta provincial income taxes.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices*

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Corporation.

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.

a) *Restatement of financial information prior to January 1, 2010*

The *Alberta Research and Innovation Act* and regulation were proclaimed on January 1, 2010. Under the legislation, the Government of Alberta created 4 new board-governed provincial corporations:

- Alberta Innovates – Bio Solutions includes the former Alberta Agriculture Research Institute, Alberta Life Sciences Institute, Alberta Forestry Research Institute, as well as the Alberta Prion Research Institute.
- Alberta Innovates – Energy and Environment Solutions includes the former Alberta Energy Research Institute and the Alberta Water Research Institute.
- Alberta Innovates – Health Solutions includes the former Alberta Heritage Foundation for Medical Research.
- Alberta Innovates – Technology Futures includes the former Alberta Research Council Inc., iCORE Inc., Alberta Heritage Foundation for Science and Engineering Research, nanoAlberta, as well as, programs related to the Bringing Technology to Market action plan under Alberta Advanced Education and Technology.

The financial statements of the Corporation have been presented as though the Corporation had always been assigned with its current responsibilities. Schedule 5 contains information on the financial transfers as of December 31, 2009.

Asset and liability balances as at January 1, 2010 and revenue and expense amounts prior to January 1, 2010 were provided to the Corporation by the management of the Department of Advanced Education and Technology and the former Alberta Heritage Foundation for Science and Engineering Research (operating under the trade name Alberta Ingenuity). Transfer amounts are based on their carrying value as at December 31, 2009 in the two entities.

b) *Revenues*

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Grants are recognized as revenue in the year the transfers are authorized. Restricted grants are included in unearned revenue when received, and recognized as revenue when the Corporation meets the conditions of the grant.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices (continued)*

Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collection. Gains and losses arising from disposals of investments are included in the determination of investment income.

Royalties and licensing fees are recognized as they accrue in accordance with the relevant agreements, when an amount can be reasonably estimated, and there is reasonable assurance of collection.

c) *Expenses*

Directly incurred expenses are costs the Corporation has primary responsibility and accountability for including operating expenses such as salaries and benefits, and supplies and services.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

Services contributed by other entities in support of the Corporation's operations have not been recorded in the financial statements and are disclosed in Schedule 4.

d) *Assets*

Assets of the Corporation are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

e) *Net Assets / Net Liabilities*

Net assets/net liabilities represent the difference between the carrying value of assets held by the Corporation and its liabilities.

Note 3 *Cash*

(in thousands)

Cash in the amount of $18,049 (2009 - $21,050) is comprised of cash deposited in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is administered by the Ministry of Finance and Enterprise with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital.

CCITF is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2010, securities held by the Corporation have an average effective yield of 1% per annum (2009: 3% per annum).

Note 4 *Unearned Revenue*

(in thousands)

Unearned revenue represents unexpended, externally restricted funds.

	2010			2009
	Prion Research Fund	Ingenuity Centres	Total	Total
Balance, beginning of year	$ 21,002	$ —	$ 21,002	$ 27,758
Grants Received	—	236	236	—
Investment Income	175	—	175	106
Recognized as Revenue				
Investment Income	(175)	—	(175)	(106)
Grants from Government of Alberta	(6,569)	(236)	(6,805)	(6,756)
Balance, end of year	$ 14,433	$ —	$ 14,433	$ 21,002

Note 5 Employee Future Benefits

(in thousands)

The Department of Advanced Education and Technology (the Department) has assigned employees to work for the Corporation on a full-time basis. The Corporation is responsible for funding the salaries and benefits of the assigned employees. The Corporation does not have any employees of its own.

While assigned to the Corporation, the employees continue to participate in the pension and benefit plans of the Department. The Department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The Corporation's expense for these pension plans is equivalent to the annual contributions of $98 for the year ended March 31, 2010 (2009 - $132).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 - $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 - $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 - $7,111).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $8,335 (2009 - deficiency $33,540) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,431 (2009 - deficiency $1,051). The expense for these two plans is limited to the Corporation's annual contributions for the year.

Note 6 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2010	2009
Obligations under Contracts and Grants	$ 20,568	$ 23,745

Estimated payment requirements for each of the next three years are as follows:

	Contracts	Grants	Total
2011	$ 260	$ 14,287	$ 14,547
2012	175	5,650	5,825
2013	—	196	196
	$ 435	$ 20,133	$ 20,568

Note 7 Comparative Figures

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Schedules to the Financial Statements

for the year ended March 31

Schedule 1 *Expenses – Directly Incurred Detailed by Object*

(in thousands)

	2010 Budget	2010 Actual	2009 Actual
Grants	$ 26,904	$ 22,627	$ 25,516
Salaries, Wages and Employee Benefits	1,471	1,396	1,609
Supplies and Services	1,054	989	1,036
Other	30	44	51
	$ 29,459	$ 25,056	$ 28,212

Schedule 2 *Executive Compensation*

	2010			
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total
Board Members	$ —	$ 12,246	$ —	$ 12,246
Executives:				
Chief Executive Officer	37,232	—	11,457	48,689
Executive Director, Prion (4)	37,800	—	—	37,800
Executive Director, Emerging Opportunities	37,094	17,388	12,095	66,577
Executive Director, Sustainable Production	40,954	—	13,673	54,627
Executive Director, Value Added	33,183	—	10,247	43,430
Director, Operations	16,004	—	3,519	19,523

The *Alberta Research and Innovation Act* was proclaimed on January 1, 2010 establishing Alberta Innovates – Bio Solutions (see Note 1 for additional information). The executive compensation schedule reflects positions in effect as of March 31, 2010. Amounts for Board members, the Chief Executive Officer and Executives are for the period January 1, 2010 to March 31, 2010. Similar positions were not in effect prior to January 1, 2010.

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes regular base pay.

(2) Other cash benefits include honoraria for board members. Other cash benefits for executives include vacation pay. There were no bonuses paid to executives in 2010.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, Workers Compensation Board premiums, learning account items, professional memberships and tuition fees.

(4) Base compensation is established through contractual agreements. No other cash or non-cash benefits are provided.

Schedule 3

Related Party Transactions

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Alberta Innovates – Bio Solutions.

Entities in the Ministry refers to entities consolidated in the Ministry of Advanced Education and Technology. Other entities outside of the Ministry relates to the remaining entities consolidated at the Provincial level.

Alberta Innovates – Bio Solutions had the following transactions with related parties which are recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities Outside the Ministry	
	2010	2009	2010	2009
Revenues				
Grants	$ 27,716	$ 27,956	$ 245	$ —
Expenses – Directly Incurred				
Grants	$ 10,656	$ 9,351	$ 738	$ 268
Other Services	10	6	—	50
	$ 10,666	$ 9,357	$ 738	$ 318
Receivables from	$ 94	$ 1,455	$ 79	$ —
Payables to	$ 468	$ 829	$ —	$ 5
Unearned Revenue	$ 14,471	$ 19,475	$ —	$ 1,527

Schedule 4

Allocated Costs

(in thousands)

	2010			2009
	Expenses (a)	Accommodation Costs (b)	Total Expenses	Total Expenses
Object of Expenditure				
Agriculture Research Grants	$ 4,031	$ —	$ 4,031	$ 5,863
Forestry Research Grants	12,127	—	12,127	9,141
Life Sciences Research Grants	685	—	685	4,342
Prion Research Grants	5,784	—	5,784	6,170
Program Delivery Support	2,429	138	2,567	2,696
	$ 25,056	$ 138	$ 25,194	$ 28,212

(a) Expenses – Directly Incurred as per Statement of Operations.

(b) Accommodation costs incurred by others have been allocated based upon full time equivalent staff.

Schedule 5 ***Restatement of Financial Information***

(in thousands)

Effective January 1, 2010, Alberta Innovates – Bio Solutions was created from programs administered under the Department of Advanced Education and Technology, as well as programs from the former Alberta Heritage Foundation for Science and Engineering Research.

Ownership interests were not substantially impacted as a result of the program transfers. As such, the table below summarizes the effect of the transfers for the prior year as if the effect of the transfer had always existed.

	Department of Advanced Education and Technology			Alberta Heritage Foundation for Science and Engineering Research	
	Alberta Agriculture Research Institute	Alberta Life Sciences Institute	Alberta Forestry Research Institute	Prion Research Institute	2009 Transfers
Assets	$ 484	$ 778	$ 193	$ 21,056	$ 22,511
Liabilities	484	778	193	21,056	22,511
Net Assets	$ —	$ —	$ —	$ —	$ —
Revenues	$ 5,960	$ 6,157	$ 9,206	$ 6,889	$ 28,212
Expenses	5,960	6,157	9,206	6,889	28,212
Net Operating Results	$ —	$ —	$ —	$ —	$ —

Alberta Innovates – Energy and Environment Solutions

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March 31, 2010

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Directors

I have audited the statements of financial position of Alberta Innovates – Energy and Environment Solutions as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of Energy and Environment Solutions management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Energy and Environment Solutions as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
May 21, 2010

Statements of Operations

for the year ended March 31 *(in thousands)*

	2010		2009
	Budget	Actuals	Actuals
Revenues			
Grants from Government of Alberta	$ 33,025	$ 32,870	$ 32,075
Grants from the Alberta Heritage Science and Engineering Research Endowment Fund	3,250	3,250	4,600
Investment Income	504	248	888
Other Income	—	743	1,058
	36,779	37,111	38,621
Expenses - Directly Incurred (Note 2, Schedule 1 and 4)			
Energy and Environment Research Grants	24,346	18,657	28,575
Water Research Grants	5,848	5,196	4,413
Program Administration	3,415	2,864	2,471
Technical Support Services	3,170	2,659	3,162
	36,779	29,376	38,621
Net Operating Results	$ —	$ 7,735	$ —

The accompanying notes and schedules are part of these financial statements.

Statements of Financial Position

as at March 31 *(in thousands)*

	2010	2009
Assets		
Cash (Note 3)	$ 30,437	$ 26,929
Accounts Receivable	738	3,783
	$ 31,175	$ 30,712
Liabilities		
Accounts Payable and Accrued Liabilities	$ 2,608	$ 3,865
Unearned Revenue (Note 4)	20,832	26,847
	23,440	30,712
Net Assets		
Net Assets at Beginning of Year	—	—
Net Operating Results	7,735	—
Net Assets at End of Year	7,735	—
	$ 31,175	$ 30,712

The accompanying notes and schedules are part of these financial statements.

Approved by the Board of Directors

original signed by
Eric Newell
Chair
Alberta Innovates – Energy and
Environment Solutions

original signed by
Aaron Falkenberg
Chair of Audit and Finance Committee
Alberta Innovates – Energy and
Environment Solutions

Statements of Cash Flows

for the year ended March 31 *(in thousands)*

	2010	2009
Operating Transactions		
Net Operating Results	$ 7,735	$ —
Decrease (Increase) in Accounts Receivable	3,045	(724)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(1,257)	804
Decrease in Unearned Revenue	(6,015)	(3,157)
Cash Applied to Operating Transactions	3,508	(3,077)
Increase (Decrease) in Cash	3,508	(3,077)
Cash, Beginning of Year	26,929	30,006
Cash, End of Year	$ 30,437	$ 26,929

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2010

Note 1 Authority and Purpose

Alberta Innovates – Energy and Environment Solutions (the Corporation) is a Provincial Corporation established on January 1, 2010 that operates under the authority of the *Alberta Research and Innovation Act*. The objects of the Corporation are to support, for the economic and social well-being of Albertans, energy and environment research and innovation activities aligned to meet Government of Alberta priorities, including, without limitation, activities directed at the development and growth of the energy and environment sectors, the discovery of new knowledge and the application of that knowledge.

The Corporation is exempt from Canadian federal and Alberta provincial income taxes.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Corporation.

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.

a) Restatement of financial information prior to January 1, 2010

The *Alberta Research and Innovation Act* and regulation were proclaimed on January 1, 2010. Under the legislation, the Government of Alberta created 4 new board-governed provincial corporations:

- Alberta Innovates – Bio Solutions includes the former Alberta Agriculture Research Institute, Alberta Life Sciences Institute, Alberta Forestry Research Institute, as well as the Alberta Prion Research Institute.
- Alberta Innovates – Energy and Environment Solutions includes the former Alberta Energy Research Institute and the Alberta Water Research Institute.
- Alberta Innovates – Health Solutions includes the former Alberta Heritage Foundation for Medical Research.
- Alberta Innovates – Technology Futures includes the former Alberta Research Council Inc., iCORE Inc., Alberta Heritage Foundation for Science and Engineering Research, nanoAlberta, as well as, programs related to the Bringing Technology to Market action plan under Alberta Advanced Education and Technology.

The financial statements of the Corporation have been presented as though the Corporation had always been assigned with its current responsibilities. Schedule 5 contains information on the financial transfers as of December 31, 2009.

Asset and liability balances as at January 1, 2010 and revenue and expense amounts prior to January 1, 2010 were provided to the Corporation by the management of the Department of Advanced Education and Technology and the former Alberta Heritage Foundation for Science and Engineering Research (operating under the trade name Alberta Ingenuity). Transfer amounts are based on their carrying value as at December 31, 2009 in the two entities.

b) Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Grants from the Government of Alberta are recognized as revenue in the year the transfers are authorized. Restricted grants are included in unearned revenue when received, and recognized as revenue when the Corporation meets the conditions of the grant.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices (continued)*

Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collection. Gains and losses arising from disposals of investments are included in the determination of investment income.

Royalties and licensing fees are recognized as they accrue in accordance with the relevant agreements, when an amount can be reasonably estimated, and there is reasonable assurance of collection.

c) *Expenses*

Directly incurred expenses are costs the Corporation has primary responsibility and accountability for including operating expenses such as salaries and benefits, and supplies and services.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Services contributed by other entities in support of the Corporation's operations have not been recorded in the financial statements and are disclosed in Schedule 4.

d) *Assets*

Assets of the Corporation are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

e) *Net Assets / Net Liabilities*

Net assets/net liabilities represent the difference between the carrying value of assets held by the Corporation and its liabilities.

Note 3 *Cash*

(in thousands)

Cash in the amount of $30,437 (2009 - $26,929) are comprised of cash deposited in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is administered by the Ministry of Finance and Enterprise with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital.

CCITF is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2010, securities held by the Corporation have an average effective yield of 1% per annum (2009: 3% per annum).

Note 4 *Unearned Revenue*

(in thousands)

Unearned revenue represents unexpended, externally restricted funds.

	2010			2009
	Water Research Fund	Ingenuity Centres	Total	Total
Balance, beginning of year	$ 26,847	$ —	$ 26,847	$ 30,004
Grants Received	—	3,250	3,250	4,600
Investment Income	233	—	233	888
Recognized as Revenue				
Investment Income	(233)	—	(233)	(888)
Grants from Government of Alberta	(6,015)	(3,250)	(9,265)	(7,757)
Balance, end of year	$ 20,832	$ —	$ 20,832	$ 26,847

Note 5 *Employee Future Benefits*

(in thousands)

The Department of Advanced Education and Technology (the Department) has assigned employees to work for the Corporation on a full-time basis. The Corporation is responsible for funding the salaries and benefits of the assigned employees. The Corporation does not have any employees of its own.

While assigned to the Corporation, the employees continue to participate in the pension and benefit plans of the Department. The Department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The Corporation's expense for these pension plans is equivalent to the annual contributions of $195 for the year ended March 31, 2010 (2009 - $172).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 - $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 - $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 - $7,111).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $8,335 (2009 - deficiency $33,540) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,431 (2009 - deficiency $1,051). The expense for these two plans is limited to the Corporation's annual contributions for the year.

Note 6 *Contractual Obligations*

(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future subject to the Legislature of Alberta appropriating sufficient funds for the purposes of the agreement and the terms of those agreements being met.

	2010	2009
Obligations under Contracts and Grants	$ 35,811	$ 30,929

Estimated payment requirements for each of the next five years are as follows:

	Contracts	Grants	Total
2011	$ 1,201	$ 20,196	$ 21,397
2012	415	7,179	7,594
2013	252	3,355	3,607
2014	252	2,619	2,871
2015	252	90	342
	$ 2,372	$ 33,439	$ 35,811

Note 7 *Comparative Figures*

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Schedules to the Financial Statements

for the year ended March 31

Schedule 1 Expenses – Directly Incurred Detailed by Object

(in thousands)

	2010 Budget	2010 Actual	2009 Actual
Grants	$ 30,194	$ 23,853	$ 32,988
Supplies and Services	4,158	3,604	3,842
Salaries, Wages and Employee Benefits	2,414	1,904	1,774
Other	13	15	17
	$ 36,779	$ 29,376	$ 38,621

Schedule 2 Executive Compensation

	2010 Base Salary (1)	 Other Cash Benefits	 Other Non-Cash Benefits (2)	 Total
Board Members (3)	$ —	$ 3,070	$ —	$ 3,070
Chief Executive Officer (4)	44,660	11,102	13,624	69,386
Executives:				
Executive Director, Environmental Technology	33,618	—	10,595	44,213
Executive Director, Renewable and Emerging Resources (5)	30,255	10,408	9,713	50,376
Executive Director, Energy Technologies	30,255	—	8,754	39,009
Director, Operations and Planning	23,832	—	7,173	31,005

The *Alberta Research and Innovation Act* was proclaimed on January 1, 2010 establishing Alberta Innovates – Energy and Environment Solutions (see Note 1 for additional information). The executive compensation schedule reflects positions in effect as of March 31, 2010. Amounts for Board members, the Chief Executive Officer and Executives are for the period January 1, 2010 to March 31, 2010. Similar positions were not in effect prior to January 1, 2010.

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes regular base pay.

(2) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, Workers Compensation Board premiums, learning account items, professional memberships and tuition fees.

(3) Other cash benefits include honoraria payments.

(4) Other cash benefits include a vacation payout of $11,102.

(5) Other cash benefits include a vacation payout of $10,408.

Schedule 3 *Related Party Transactions*

(in thousands)

Related parties are those entities consolidated in the Government of Alberta's financial statements on a modified equity basis. Related parties also include management in Alberta Innovates – Energy and Environment Solutions.

Entities in the Ministry refers to entities consolidated in the Ministry of Advanced Education and Technology. Other entities outside of the Ministry relate to the remaining entities consolidated at the Provincial level.

Alberta Innovates – Energy and Environment Solutions had the following transactions with related parties which are recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities Outside the Ministry	
	2010	2009	2010	2009
Revenues				
Grants	$ 33,061	$ 32,075	$ 3,250	$ 4,600
Other	309	—	88	—
	$ 33,370	$ 32,075	$ 3,338	$ 4,600
Expenses – Directly Incurred				
Grants	$ 6,866	$ 8,183	$ —	$ —
Other	44	193	16	17
	$ 6,910	$ 8,376	$ 16	$ 17
Receivables from	$ 387	$ 3,780	$ —	$ —
Payables to	$ 103	$ 2,206	$ 2	$ —
Unearned Revenue	$ 20,832	$ 26,847	$ —	$ —

Schedule 4 *Allocated Costs*

(in thousands)

	2010			2009
	Expenses (a)	Accommodation Costs (b)	Total Expenses	Total Expenses
Program				
Energy and Environment Research Grants	$ 18,657	$ —	$ 18,657	$ 28,575
Water Research Grants	5,196	—	5,196	4,413
Program Administration	2,864	231	3,095	2,625
Technical Support	2,659	—	2,659	3,162
	$ 29,376	$ 231	$ 29,607	$ 38,775

(a) Expenses – Directly Incurred as per Statement of Operations.

(b) Accommodation costs incurred by others have been allocated based upon full time equivalent staff.

Schedule 5 *Restatement of Financial Information*

(in thousands)

Effective January 1, 2010, Alberta Innovates – Energy and Environment was created from programs administered under the Department of Advanced Education and Technology, as well as, programs from the former Alberta Heritage Foundation for Science and Engineering Research.

Ownership interests were not substantially impacted as a result of the program transfers. As such, the table below summarizes the effect of the transfers for the prior year as if the effect of the transfer had always existed.

	Alberta Ingenuity		Advanced Education and Technology	
	Alberta Water for Life	Ingenuity Centres	Alberta Energy Research Institute	2009 Transfers
Assets	$ 26,932	$ —	$ 3,780	$ 30,712
Liabilities	26,932	—	3,780	30,712
Net Assets	$ —	$ —	$ —	$ —
Revenues	$ 4,045	$ 4,600	$ 29,976	$ 38,621
Expenses	4,045	4,600	29,976	38,621
Net Operating Results	$ —	$ —	$ —	$ —

Alberta Innovates – Health Solutions

Consolidated Financial Statements

March 31, 2010 and 2009

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2 Salary and Benefits Disclosure

3 Related Party Transactions

AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Directors

I have audited the consolidated statements of financial position of Alberta Innovates – Health Solutions as at March 31, 2010 and 2009 and the consolidated statements of operations and cash flows for the years then ended. These financial statements are the responsibility of Health Solutions' management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Alberta Innovates – Health Solutions as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
June 16, 2010

Consolidated Statement of Financial Position

as at March 31, 2010 and 2009 *(in thousands)*

	2010	2009
Assets		
Cash (Note 3)	$ 12,662	$ 11,234
Accounts Receivable and Other Assets	159	341
Tangible Capital Assets (Note 4)	882	1,028
	$ 13,703	$ 12,603
Liabilities		
Accounts Payable and Accrued Liabilities	$ 4,250	$ 1,831
Unearned Revenue (Note 5)	24	3,500
Accrued Retirement Allowance (Note 6(b))	1,567	1,568
	5,841	6,899
Net Assets		
Net Assets at Beginning of Year	5,704	(1,253)
Net Operating Results	2,158	6,957
Net Assets at End of Year	7,862	5,704
	$ 13,703	$ 12,603

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved by the Board of Directors

original signed by
Robert Seidel
Director
Alberta Innovates – Health Solutions

original signed by
Ralph Young
Director
Alberta Innovates – Health Solutions

Consolidated Statement of Operations

for the years ended March 31, 2010 and 2009 *(in thousands)*

	2010		2009
	Budget	Actual	Actual
Revenues			
Grants from the Province of Alberta			
Transfers from AHFMR Endowment Fund	$ 77,000	$ 76,000	$ 77,000
Transfers from Unearned Revenue:			
Alberta Health and Wellness and Alberta Health Services	6,223	6,016	6,608
	83,223	82,016	83,608
Other Revenue			
Interest Income	$ 420	$ 214	$ 551
Other Revenue	—	452	270
Donations	—	592	217
	420	1,258	1,038
	83,643	83,274	84,646
Expenses - Directly Incurred (Schedule 1 and Note 2(d))			
Research Support	50,506	46,408	42,627
Operating and Infrastructure Grants	6,725	12,398	7,005
Training and Education Support	7,890	6,806	6,739
Knowledge Transfer Programs	2,973	1,903	5,153
Partnerships - Program Contributions	1,044	960	661
Partnerships - Administered Funds	6,223	6,016	6,466
Operations	7,460	6,623	9,034
	82,821	81,114	77,685
Loss on Disposal of Tangible Capital Assets	—	(2)	(4)
Net Operating Results	$ 822	$ 2,158	$ 6,957

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the years ended March 31, 2010 and 2009 *(in thousands)*

	2010	2009
Operating Transactions		
Net Operating Results	$ 2,158	$ 6,957
Non-Cash Items included in Net Operating Results:		
Amortization	202	198
Loss on Disposal of Tangible Capital Assets	2	4
	2,362	7,159
Net Change in Non-Cash Working Capital Items:		
Decrease (Increase) in Accounts Receivable and Other Assets	182	(50)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	2,419	(3,033)
(Decrease) in Unearned Revenue	(3,476)	(2,804)
(Decrease) Increase in Pension Liability	(1)	344
	1,486	1,616
Capital Transactions		
Purchase of Tangible Capital Assets (Note 4)	(58)	(515)
	(58)	(515)
Financing Transactions		
Receipt of Loan Receivable	—	150
	—	150
Increase in Cash	1,428	1,251
Cash, Beginning of Year	11,234	9,983
Cash, End of Year	$ 12,662	$ 11,234

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Notes to the Financial Statements

for the year ended March 31, 2010 and 2009

Note 1 Authority and Purpose

Alberta Innovates – Health Solutions (the Corporation) is a Provincial Corporation that was established on January 1, 2010 and operates under the authority of the *Alberta Research and Innovation Act*. The objects of the Corporation are to support research and innovation activities to improve the health and well-being of Albertans and create, through innovation, health related social and economic benefits for Albertans. It provides leadership for Alberta's health research and innovation enterprise by directing, coordinating, reviewing, funding and supporting research and innovation.

The Corporation is a wholly owned subsidiary of the Ministry of Advanced Education and Technology and accountable to the Minister of Advanced Education and Technology. The Ministry of Advanced Education and Technology and its wholly owned subsidiaries are exempt from the payment of income tax under Section 149 of the *Income Tax Act*.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Corporation.

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.

a) Restatement of financial information prior to January 1, 2010

On January 1, 2010, the *Research and Innovation Act* and regulation were proclaimed which resulted in the dissolution of the Alberta Heritage Foundation for Medical Research. The assets and liabilities of the Alberta Heritage Foundation for Medical Research were transferred to the Corporation.

This transaction has been accounted for as a continuity-of-interests, which maintains the carrying value of the assets and liabilities of the Corporation. Accordingly, these financial statements have been prepared to reflect the financial position and results of operations and cash flows for all periods presented as if the Corporation operated since the Alberta Heritage Foundation for Medical Research inception. No adjustments were required to the 2009 comparative amounts.

The Alberta Heritage Foundation for Medical Research received its primary funding through direct transfers from the AHFMR Endowment Fund. Alberta Innovates – Health Solutions will receive its primary funding through an annual grant from the Department of Advanced Education and Technology starting April 1, 2010.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Alberta Foundation for Health Research (AFHR), a wholly-owned subsidiary of the Corporation for accounting purposes. The AFHR operates under the *Alberta Companies Act* and is a registered charitable organization for income tax purposes. The Foundation's activities are directed to promote and support medical and health research. All intercompany balances and transactions have been eliminated on consolidation.

c) Revenue Recognition

All revenues are reported on the accrual basis of accounting.

Grants from the Province of Alberta are recognized as revenue in the year the transfers are authorized. Transfers received before revenue recognition criteria have been met are included in deferred contributions or unearned revenue and recognized as revenue when the Corporation meets the criteria.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices (continued)*

d) *Expenses*

Directly incurred expenses are costs the Corporation has primary responsibility and accountability for including program operating expenses such as salaries and benefits, and supplies and services. Directly incurred expenses also include amortization of tangible capital assets.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

e) *Assets*

Assets of the corporation are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Tangible capital assets of the corporation are recorded at historical cost and amortized on a straight-line basis over the estimated useful life of the assets. The threshold for all other tangible capital assets is $1,000.

f) *Net Assets*

Net assets represents the difference between the carrying value of assets held by Alberta Innovates - Health Solutions and its liabilities.

g) *Pension*

The Corporation operates a defined contribution pension plan. Pension expense comprises the amount of employer contributions required for its employees during the year. There are no unfunded liabilities with respect to pensions and pension costs.

Note 3 *Cash*

Cash is comprised of cash deposited in the Consolidated Cash Investment Trust Fund (CCITF) which is administered by the Ministry of Finance and Enterprise with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital.

CCITF is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2010, securities held by the Corporation have an annualized return of 1.0% per annum (2009: 3.0% per annum).

Note 4 *Tangible Capital Assets*

(in thousands)

	2010				2009
	Equipment (a)	Computer Hardware and Software (b)	Leasehold Improvements	Total	Total
Estimated Useful Life	Indefinite 5-10 years	3 years	Lease Term		
Historical Cost					
Beginning of year	$ 643	$ 1,700	$ 589	$ 2,932	$ 2,454
Additions	7	46	5	58	515
Disposals, including Write-downs	(3)	(106)	—	(109)	(37)
	647	1,640	594	2,881	2,932
Accumulated Amortization					
Beginning of year	377	1,174	353	1,904	1,739
Amortization expense	64	42	96	202	198
Effect of Disposals	—	(107)	—	(107)	(33)
	441	1,109	449	1,999	1,904
Net Book Value at End of Year	$ 206	$ 531	$ 145	$ 882	$ 1,028
Net Book Value at Beginning of Year	$ 266	$ 526	$ 236	$ 1,028	$ 715

(a) Equipment includes office equipment, furniture and other equipment.

(b) Computer hardware and software includes work-in-progress at March 31, 2010 totaling $443 (2009 - $433).

Note 5 *Unearned Revenue* *(in thousands)*

Unearned revenue represents unspent funds externally restricted for non-capital purposes.

	2010	2009
Balance, beginning of year	$ 3,500	$ 6,308
Grants Received	3,535	3,800
Recognized as Revenue	(6,016)	(6,466)
Grant Funds Returned	(995)	—
Recognized as Cost Recovery	—	(142)
Balance, end of year	$ 24	$ 3,500
The balance consists of funds restricted for:		
Research Projects	$ 24	$ 3,500
	$ 24	$ 3,500

Note 6 *Employee Future Benefits* *(in thousands)*

a) *Pension Plan*

The Corporation participates in a Defined Contribution Pension Plan pension. The expense for this pension plan is $249 (2009 - $328).

b) *Accrued Retirement Allowance*

The retirement allowance consists of the unfunded liability for the Corporation's supplemental retirement plan, the benefits under which are paid for entirely by the Corporation when they come due. There are no plan assets. Participation in the supplemental retirement plan was closed to new entrants effective March 7, 2007. The two active members remaining in the plan were given notice that their benefits under the then current plan would be terminated December 31, 2008, and their benefit at that date actuarially determined and notionally transferred to a new arrangement based on their participation in the registered defined contribution plan.

	2010	2009
Accrued Retirement Allowance - Beginning of year	$ 1,568	$ 1,224
Current Service Costs	—	125
Interest Cost	49	—
Conversion Costs	—	528
Benefits Paid	(50)	(309)
Accrued Retirement Allowance - End of year	$ 1,567	$ 1,568

Note 7 *Contractual Obligations* *(in thousands)*

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

Obligations under Operating Leases, Contracts and Programs

	Grants/ Awards (a)	Office Premises (b)	Total
2011	$ 47,587	$ 184	$ 47,771
2012	33,349	92	33,441
2013	28,477	—	28,477
2014	21,823	—	21,823
2015	12,326	—	12,326
Thereafter	7,108	—	7,108
	$ 150,670	$ 276	$ 150,946

(a) Grants and awards are recorded as commitments when all terms and conditions have been agreed to but eligibility criteria has not been met.

(b) The Corporation has entered into a 60 month lease for office premises. This lease commenced on October 1, 2006 and expires on September 30, 2011.

Schedules to the Financial Statements

for the years ended March 31, 2010 and 2009

Schedule 1 Expenses – Directly Incurred Detailed by Object

(in thousands)

	2010 Budget	2010 Actual	2009 Actual
Grants	$ 73,442	$ 73,720	$ 67,738
Salaries, Wages and Employee Benefits	3,571	3,269	3,227
Supplies and Services	5,808	3,923	4,192
Amortization of Tangible Capital Assets	—	202	198
Other	—	—	2,330
	$ 82,821	$ 81,114	$ 77,685

Schedule 2 Salary and Benefits Disclosure

(in thousands)

	2010				2009
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board	$ —	$ 12	$ —	$ 12	$ 17
Board Members	—	42	—	42	66
Chief Executive Officer	346	1	101	448	747
Executives:					
Vice President - Corporate Affairs	164	—	40	204	320
	$ 510	$ 55	$ 141	$ 706	$ 1,150

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes regular base pay, overtime and other direct cash remuneration.

(2) Other cash benefits include honoraria.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans and professional memberships. Under the terms of the supplementary retirement plan, executive officers may receive supplemental retirement payments. See Note 6(b) for information on how this plan was converted during 2008. Other non-cash benefits include unamortized losses of the conversion of $nil (2009 - $528).

Schedule 3 Related Party Transactions *(in thousands)*

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Alberta Innovates – Health Solutions.

The Corporation had the following transactions with related parties which are recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties. In this Schedule, the Ministry refers to the Ministry of Advanced Education and Technology.

	Entities in the Ministry		Other Entities Outside the Ministry	
	2010	2009	2010	2009
Revenues				
AHFMR Endowment Fund	$ —	$ —	$ 76,000	$ 77,000
Alberta Health and Wellness	—	—	5,707	6,568
Alberta Health Services	—	—	309	40
	$ —	$ —	$ 82,016	$ 83,608
Expenses – Directly Incurred				
Alberta Universities	$ 72,186	$ 62,703	$ —	$ —
Alberta Health Services	—	—	279	292
	$ 72,186	$ 62,703	$ 279	$ 292
Receivables from				
Alberta Universities	$ 39	$ 181	$ —	$ —
Alberta Health Services	—	—	6	—
Other	1	11	—	3
	$ 40	$ 192	$ 6	$ 3
Payables to				
Alberta Universities	$ 3,795	$ 398	$ —	$ —
Alberta Health Services	—	—	40	—
	$ 3,795	$ 398	$ 40	$ —
Contractual Obligations	$ 149,602	$ 147,887	$ 1,344	$ 3,076

Alberta Innovates – Technology Futures

Financial Statements

March 31, 2010

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AUDITOR
GENERAL
Alberta

Auditor's Report

To the Board of Directors

I have audited the consolidated statement of financial position of Alberta Innovates – Technology Futures as at March 31, 2010 and 2009 and the consolidated statements of operations and cash flows for the years then ended. These financial statements are the responsibility of Technology Futures' management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Alberta Innovates – Technology Futures as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Merwan N. Saher CA
Auditor General

Edmonton, Alberta
May 13, 2010

Consolidated Statement of Financial Position

as at March 31, 2010 and 2009 *(in thousands)*

	2010	2009
Assets		
Cash (Note 3)	$ 23,458	$ 25,092
Accounts Receivable and Other Assets (Note 4)	30,057	21,976
Tangible Capital Assets (Note 5)	24,862	25,780
	$ 78,377	$ 72,848
Liabilities		
Accounts Payable and Accrued Liabilities	$ 16,549	$ 17,725
Unearned Revenue (Note 6)	29,705	22,348
	46,254	40,073
Net Assets		
Net Assets at Beginning of Year	32,775	32,441
Net Operating Results	(652)	334
Net Assets at End of Year	32,123	32,775
	$ 78,377	$ 72,848

Contractual Obligations (Note 7)

The accompanying notes and schedules are an integral part of these financial statements.

Approved by the Board of Directors

original signed by Ron Triffo Chair of the Board Alberta Innovates – Technology Futures	*original signed by* Doug Gilpin Chair of the Audit Committee Alberta Innovates – Technology Futures

Consolidated Statement of Operations

for the year ended March 31, 2010 and 2009 *(in thousands)*

	2010		2009
	Budget	Actual	Actual
Revenues			
Grants from Province of Alberta	$ 74,657	$ 74,596	$ 79,197
External Contract Revenue	48,559	45,258	42,229
Contract Revenue from Province of Alberta	12,405	9,059	12,887
Royalties and Product Sales	2,299	4,200	3,904
Investment Income	600	329	1,041
	138,520	133,442	139,258
Expenses - Directly Incurred (Schedule 1 and Note 2d)			
Energy	41,128	39,600	39,578
Life Sciences	24,017	22,359	25,406
Engineered Products and Services	12,940	14,291	13,518
Deployment	9,087	5,772	7,067
Programs	51,236	51,321	51,025
	138,408	133,343	136,594
	112	99	2,664
Loss on Disposal/Writedown of Tangible Capital Assets	—	751	2,330
Net Operating Results	$ 112	$ (652)	$ 334

The accompanying notes and schedules are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended March 31, 2010 and 2009 *(in thousands)*

	2010	2009
Operating Transactions		
Net Operating Results	$ (652)	$ 334
Non-Cash Items included in Net Operating Results:		
Amortization	2,906	2,540
Impairment/Disposition of Tangible Capital Assets	751	2,330
Net Change in Non-Cash Working Capital Items:		
(Increase) Decrease in Accounts Receivable and Other Assets	(8,081)	1,495
Decrease in Accounts Payable and Accrued Liabilities	(1,176)	(1,485)
Increase in Unearned Revenue	7,357	5,965
Cash Generated from Operating Transactions	1,105	11,179
Capital Transactions		
Purchase of Tangible Capital Assets	(2,739)	(4,591)
Proceed on Sale of Tangible Capital Assets	—	15
Cash Applied to Capital Transactions	(2,739)	(4,576)
Decrease in Cash	(1,634)	6,603
Cash, Beginning of Year	25,092	18,489
Cash, End of Year	$ 23,458	$ 25,092

The accompanying notes and schedules are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended March 31, 2010 and 2009

Note 1 Authority and Purpose

Alberta Innovates – Technology Futures (the Corporation) is a Provincial Corporation that was established on January 1, 2010 and operates under the authority of the *Alberta Research and Innovation Act*. The objects of the Corporation are to support, for the economic and social well-being of Albertans, research and innovation activities targeted at the development and growth of technology-based sectors and aligned to Government of Alberta priorities, including, without limitation, activities directed at the commercialization of technology and the application of knowledge.

The Corporation is a wholly owned subsidiary of the Ministry of Advanced Education and Technology and accountable to the Minister of Advanced Education and Technology. The Ministry of Advanced Education and Technology and its wholly owned subsidiaries are exempt from the payment of income tax under Section 149 of the *Income Tax Act*.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Corporation.

The measurement of certain assets and liabilities is contingent upon future events; therefore, the preparation of these financial statements requires the use of estimates, which may vary from actual results. Management uses judgment to determine such estimates. In management's opinion, the resulting estimates are within reasonable limits of materiality and are in accordance with the significant accounting policies summarized below.

a) Restatement of financial information prior to January 1, 2010

On January 1, 2010, the *Research and Innovation Act* and regulation were proclaimed which resulted in the combination of Alberta Research Council Inc. (ARC), iCORE Inc. (iCORE), Alberta Heritage Foundation for Science and Engineering Research (Alberta Ingenuity Fund) excluding programs related to the Alberta Prion Research Institute and the Alberta Water Research Institute, nanoAlberta and programs related to the Bringing Technology to Market action plan under Alberta Advanced Education and Technology into Alberta Innovates – Technology Futures.

This transaction has been accounted for as a continuity-of-interests, which maintains the carrying value of the assets and liabilities of the combined entities. This method of accounting is in accordance with CICA Emerging Issues Committee Abstract 89 Exchanges of Ownership Interests between Enterprises Under Common Control – Wholly and Partially Owned Subsidiaries. Accordingly, these financial statements have been prepared to reflect the financial position and results of operations and cash flows for all periods presented as if ARC, iCORE, Alberta Ingenuity Fund excluding the programs related to the Alberta Prion Research Institute and the Alberta Water Research Institute, nanoAlberta, and other programs had been combined since their inception. The transaction is considered to be a transaction between companies under common control and financial statements of the Corporation will reflect the new consolidated structure as if this consolidated structure had always been in place. Schedule 5 includes details on the restatement of the comparative balances.

b) Basis of Consolidation

These consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, C-FER Technologies (1999) Inc. All intercompany balances and transactions have been eliminated on consolidation.

c) Revenue Recognition

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Grants from the Province of Alberta are recognized as revenue in the year the transfers are authorized. Transfers received before revenue recognition criteria have been met are included in unearned revenue.

Note 2 *Summary of Significant Accounting Policies and Reporting Practices (continued)*

Contract revenue is recognized using the percentage of completion method. The Corporation makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Royalties and licensing fees are recognized as they accrue in accordance with the relevant agreements, when an amount can be reasonably estimated, and there is reasonable assurance of collectability of proceeds.

Revenue from product sales is recognized when products are delivered.

Interest income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.

d) Expenses

Directly incurred expenses are costs the Corporation has primary responsibility and accountability for including operating expenses such as salaries and benefits, and supplies and services.

Program grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Services contributed by other entities in support of the Corporation's operations have not been recorded in the financial statements and are disclosed in Schedule 3.

e) Tangible Capital Assets

Tangible capital assets of the Corporation are recorded at cost and amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for major enhancements is $25,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized but not amortized.

Donated assets are recorded at their fair value at the time of contribution. Fair value is defined as the amount of consideration that would be agreed upon in an arms length transaction between knowledgeable, willing parties who are under no compulsion to act.

f) Net Assets

Net assets represent the difference between the carrying value of assets held by the Corporation and its liabilities.

g) Patents

Expenses incurred related to patents owned by the Corporation as a result of research activity are not capitalized due to the uncertain value of benefits which may accrue to the Corporation.

h) Other Intangible Assets

Expenses incurred on the development of other intangible assets including intellectual capital are not capitalized unless it is probable that the expected future economic benefits that are attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably.

i) Employee Future Benefits

The Corporation participates in multi-employer pension plans with related government entities. Pension costs included in these financial statements are comprised of the cost of employer contributions for the current service of employees during the year and additional employer contributions for service relating to prior years.

Note 3 Cash

Cash is comprised of cash deposited in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is administered by the Ministry of Finance and Enterprise with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital.

CCITF is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2010, securities held by the Corporation have an annualized rate of return of 0.97% per annum (2009 - 3% per annum).

Note 4 *Accounts Receivable and Other Assets*

(in thousands)

	2010 Gross Amount	2010 Allowance for Doubtful Accounts	2010 Net Realizable Value	2009 Net Realizable Value
Accounts Receivable	$ 10,775	$ 426	$ 10,349	$ 10,444
Alberta Government Departments and Agencies	12,854	—	12,854	6,468
Accrued Income Receivable	6,306	—	6,306	4,588
Prepaid	548	—	548	476
	$ 30,483	$ 426	$ 30,057	$ 21,976

Note 5 *Tangible Capital Assets*

(in thousands)

	2010 Land	2010 Building (a)	2010 Equipment	2010 Computer Hardware	2010 Total	2009 Total
Estimated Useful Life	Indefinite	30 years	5-20 Years	3 Years		
Historical Cost						
Beginning of year	$ 566	$ 4,827	$ 45,832	$ 2,552	$ 53,777	$ 54,261
Additions	—	146	2,424	169	2,739	4,591
Disposals, including Write-downs	—	(523)	(492)	(292)	(1,307)	(5,075)
	566	4,450	47,764	2,429	55,209	53,777
Accumulated Amortization						
Beginning of year	—	1,335	24,925	1,737	27,997	28,187
Amortization expense	—	244	2,272	390	2,906	2,540
Effect of Disposals	—	(158)	(188)	(210)	(556)	(2,730)
	—	1,421	27,009	1,917	30,347	27,997
Net Book Value at End of Year	$ 566	$ 3,029	$ 20,755	$ 512	$ 24,862	
Net Book Value at Beginning of Year	$ 566	$ 3,492	$ 20,907	$ 815		$ 25,780

(a) Building includes Leasehold Improvements which are amortized over 25 years.

Note 6 *Unearned Revenue*

(in thousands)

	2010	2009
Balance, beginning of year	$ 22,348	$ 15,255
Grants Received	11,124	5,506
Investment Income Received	66	190
Grants Recognized into Revenue	(5,874)	(4,178)
Investment Income Recognized into Revenue	(66)	(190)
Net Changes for Commercial Contract Revenue	2,107	5,765
Balance, end of year	$ 29,705	$ 22,348

Note 7 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

Estimated payment requirements for each of the next five years are as follows:

Obligations Under Operating Leases, Contracts and Programs

	Operating Leases	Programs	Total
2011	$ 591	$ 30,109	$ 30,700
2012	588	23,239	23,827
2013	585	15,677	16,262
2014	501	8,167	8,668
2015	462	6,513	6,975
Thereafter	417	—	417
	$ 3,144	$ 83,705	$ 86,849

Note 8 Employee Future Benefits

(in thousands)

The Corporation participates in three multi-employer pension plans, Management Employees Pension Plan, Supplementary Retirement Plan and Public Service Pension Plan, as well as a Defined Contribution Plan. The expense for these pension plans is equivalent to the annual contributions of $3,835 for the year ended March 31, 2010 (2009 - $3,554).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 - deficiency $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 - deficiency $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers has a deficiency of $39,516 (2008 - deficiency $7,111).

Note 9 Subsequent Event

As part of the restructuring of Alberta research and innovation programs, the Ministry of Advanced Education and Technology is transferring the assets and liabilities of the Regional Support Services, Youth Technopreneurship Project and the Innovation Voucher Program to the Corporation effective April 1, 2010.

Note 10 Comparative Figures

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Schedules to the Financial Statements

for the year ended March 31,2010 and 2009

Schedule 1 *Expenses – Directly Incurred Detailed by Object*

(in thousands)

	2010 Budget	2010 Actual	2009 Actual
Salaries, Wages and Employee Benefits	$ 60,764	$ 61,456	$ 60,610
Grants	43,740	44,518	43,952
Supplies and Services	31,277	24,463	29,492
Amortization of Tangible Capital Assets	2,627	2,906	2,540
	$ 138,408	$ 133,343	$ 136,594

Schedule 2 *Executive Compensation*

	2010				2009
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board (4)	$ —	$ 1,368	$ —	$ 1,368	$ —
Board Members (4)	—	9,166	—	9,166	—
Chief Executive Officer (5)	243,147	133,371	22,035	398,553	392,340
Executives:					
Chief Financial Officer (6)	171,307	50,000	40,995	262,302	262,998
Vice President (7)	317,706	—	—	317,706	322,078
Vice President (8)	182,709	65,000	43,462	291,171	277,933
Vice President (9)	182,524	10,000	34,440	226,964	213,000
Vice President (10)	147,093	10,000	31,895	188,988	180,000

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payouts, car allowance, overtime, payments made in lieu of benefits, lump sum payments and honoraria.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, employee health care expense accounts, dental coverage, major medical, group life insurance, short and long term disability plans, WCB premiums (estimated) and professional memberships.

(4) The Board of Directors for the new Corporation was effective January 1, 2010. These figures represent payments made between January 1, 2010 and March 31, 2010.

(5) Represents 12 months compensation including a new interim CEO appointed January 1, 2010.

(6) CFO was the CFO for the former Alberta Research Council.

(7) Vice President was the CEO for the former iCORE.

(8) Vice President was Vice President, Energy for the former Alberta Research Council.

(9) Vice President was Vice President, Corporate Services for the former Alberta Ingenuity Fund.

(10) Vice President was Vice President Finance and CFO for the former Alberta Ingenuity Fund.

Schedule 3 ***Related Party Transactions*** *(in thousands)*

The Corporation had the following transactions with related parties which are recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties. In this Schedule, the Ministry refers to the Ministry of Advanced Education and Technology.

	Entities in the Ministry		Other Entities Outside the Ministry	
	2010	2009	2010	2009
Revenues				
Grants	$ 74,596	$ 79,197	$ —	$ —
Other	7,571	9,516	1,488	3,371
	$ 82,167	$ 88,713	$ 1,488	$ 3,371
Expenses – Directly Incurred				
Grants	$ 33,481	$ 35,665	$ —	$ —
Other Services	368	697	678	603
	$ 33,849	$ 36,362	$ 678	$ 603
Receivables from	$ 12,363	$ 5,572	$ 491	$ 896
Payables/Unearned Revenue to	$ 12,774	$ 9,070	$ 238	$ 564
Contractual Obligations	$ 75,411	$ 66,732	$ —	$ —

The above transactions do not include support service arrangement transactions disclosed below.

The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Accommodation expenses incurred by others are disclosed in Schedule 4.

	Other Entities Outside the Ministry	
	2010	2009
Expenses – Incurred by Others		
Accommodation (1)	$ 14,573	$ 21,820
	$ 14,573	$ 21,820

(1) The methodology for allocation of accommodation costs changed during fiscal 2010. The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.

Schedule 4 ***Allocated Costs*** *(in thousands)*

	2010			2009
		Expenses - Incurred by Others		
	Expenses (a)	Accommodation Costs (b)	Total Expenses	Total Expenses
Programs				
Energy	$ 39,600	$ 7,073	$ 46,673	$ 49,738
Life Sciences	22,359	4,356	26,715	32,840
Engineered Products and Services	14,291	2,709	17,000	17,367
Deployment	5,772	224	5,996	7,444
Programs	51,321	211	51,532	51,025
	$ 133,343	$ 14,573	$ 147,916	$ 158,414

(a) Expenses – Directly Incurred as per Consolidated Statement of Operations.

(b) Costs shown for Accommodation are allocated based on proportion of full-time equivalent staff.

Schedule 5 Restatement of 2009

(in thousands)

	March 31, 2009 audit financial statements as previously published			Programs transferred to		Programs transferred to Department of Advanced Education and Technology			Restated March 31, 2009
	Alberta Research Council	iCORE	Alberta Ingenuity Fund	Alberta Innovates – Bio Solutions (1)	Alberta Innovates – Energy and Environment Solutions (2)	nanoAlberta	ICT (3)	Alignment and eliminations (4)	Alberta Innovates – Technology Futures
Assets	$ 61,017	$ 1,808	$ 57,575	$ (21,056)	$ (26,932)	$ 976	$ —	$ (540)	$ 72,848
Liabilities	32,229	1,763	56,126	(21,056)	(26,932)	976	—	(3,033)	40,073
Net Assets									
Opening	27,512	42	2,736	—	—	—	—	2,151	32,441
Operating Results	1,276	3	(1,287)	—	—	—	—	342	334
	28,788	45	1,449	—	—	—	—	2,493	32,775
	$ 61,017	$ 1,808	$ 57,575	$ (21,056)	$ (26,932)	$ 976	$ —	$ (540)	$ 72,848
Revenues	$ 89,183	$ 12,882	$ 45,102	$ (6,889)	$ (8,645)	$ 9,331	$ 1,500	$ (3,206)	$ 139,258
Expenses	87,907	12,879	46,389	(6,889)	(8,645)	9,331	1,500	(3,548)	138,924
Operating Results	$ 1,276	$ 3	$ (1,287)	$ —	$ —	$ —	$ —	$ 342	$ 334

(1) The Alberta Prion Research Institute, Centre for Livestock Genomics and Centre for Performance Oilseeds were transferred from the Alberta Ingenuity Fund.

(2) The Alberta Water Research Institute, Centre for In-Situ Energy, Centre for Oil Sands Innovation and Centre for Clean Coal, Carbon Capture and Minerals Processing Technologies were transferred from the Alberta Ingenuity Fund.

(3) ICT refers to Information and Communications Technology.

(4) Adjustments for accounting standard change and intercompany eliminations.

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Public Post-Secondary Institutions

Financial Statements

Unaudited Information

Summary of Comprehensive Academic and Research Institutions

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Summary of Significant Accounting Policies

Audited financial statements of the public post-secondary institutions are available on Advanced Education and Technology's website:

aet.alberta.ca

For a print version of the complete audited financial statements, contact the Post-Secondary Planning and Investment Branch:

780-415-4863

Summary

Comprehensive Academic and Research Institutions

Statement of Operations and Changes in Financial Position

for the year ended March 31, 2010 *(in thousands)*

	University of Alberta	University of Calgary	University of Lethbridge	Athabasca University	2010 Totals	2009 Totals
Revenue						
Grants	$ 919,012	$ 614,404	$ 109,293	$ 44,583	$ 1,687,292	$ 1,561,491
Tuition and related fees	235,799	169,720	38,488	57,658	501,665	469,265
Donations and contributions	112,460	71,456	3,791	1,481	189,188	196,862
Investment and royalty income	48,991	31,510	15,501	4,431	100,433	(49,272)
Sales, rentals and services	201,375	94,967	13,571	12,629	322,542	317,704
Amortization of deferred capital contributions	89,054	52,073	8,512	746	150,385	135,378
	1,606,691	1,034,130	189,156	121,528	2,951,505	2,631,428
Expense						
Salaries	794,643	502,482	101,612	73,156	1,471,893	1,361,916
Employee benefits	168,189	101,957	20,854	16,087	307,087	253,575
Materials, supplies and services	290,201	182,095	18,709	33,607	524,612	548,016
Maintenance, utilities and property tax	107,341	42,374	4,292	2,433	156,440	157,099
Scholarships and bursaries	89,547	61,061	5,176	981	156,765	143,065
Travel	—	—	4,016	—	4,016	4,102
Cost of goods sold	—	15,471	3,261	—	18,732	19,102
Amortization of capital assets	143,277	80,681	15,187	3,269	242,414	222,271
Loss (gain) on disposal of capital assets	—	—	(9)	—	(9)	68
	1,593,198	986,121	173,098	129,533	2,881,950	2,709,214
Excess Revenue over Expenses	$ 13,493	$ 48,009	$ 16,058	$ (8,005)	$ 69,555	$ (77,786)
Changes in Financial Position						
Cash generated (used) by operating activities	$ 72,458	$ 142,944	$ 12,278	$ 9,205	$ 236,885	$ (11,559)
Cash used by investing activities	(478,147)	(332,268)	(45,195)	(6,693)	(862,303)	(610,481)
Cash generated by financing activities	385,297	308,743	8,752	3,158	705,950	875,378
Increase (decrease) in cash and short-term investments	(20,392)	119,419	(24,165)	5,670	80,532	253,338
Cash and short-term investments at beginning of year, net of bank indebtedness	119,621	456,643	44,476	2,063	622,803	369,465
Cash and short-term investments at end of year, net of bank indebtedness	$ 99,229	$ 576,062	$ 20,311	$ 7,733	$ 703,335	$ 622,803

Summary

Comprehensive Academic and Research Institutions

Statement of Financial Position

as at March 31, 2010 *(in thousands)*

	University of Alberta	University of Calgary	University of Lethbridge	Athabasca University	2010 Totals	2009 Totals
Assets						
Current:						
Cash and short-term investments	$ 817,644	$ 766,393	$ 25,311	$ 30,334	$ 1,639,682	$ 1,490,623
Accounts receivable	168,677	63,379	11,031	6,593	249,680	191,423
Inventories	21,608	19,916	2,042	6,210	49,776	42,127
	1,007,929	849,688	38,384	43,137	1,939,138	1,724,173
Investments	877,156	449,242	142,205	29,906	1,498,509	1,296,686
Capital assets and collections	2,309,290	1,209,195	289,244	34,394	3,842,123	3,228,596
Other assets	—	22,604	2,915	—	25,519	28,883
	$ 4,194,375	$ 2,530,729	$ 472,748	$ 107,437	$ 7,305,289	$ 6,278,338
Liabilities and Net Assets						
Current:						
Accounts payable and accrued liabilities	$ 217,385	$ 166,550	$ 14,552	$ 15,095	$ 413,582	$ 345,202
Current portion of employee benefit liabilities	8,392	—	1,936		10,328	9,571
Deferred revenue	16,897	20,238	4,487	12,794	54,416	51,063
Deferred contributions	315,411	391,665	22,285	12,331	741,692	619,776
Current portion of long-term liabilities	10,656	3,951	750	—	15,357	33,447
	568,741	582,404	44,010	40,220	1,235,375	1,059,059
Long-term:						
Employee benefit liabilities	131,537	63,691	22,503	10,037	227,768	167,376
Deferred contributions	90,000	—	764	—	90,764	91,183
Deferred capital contributions	437,617	162,059	39,966	18,455	658,097	770,773
Unamortized deferred capital contributions	1,662,878	902,374	172,405	23,703	2,761,360	2,199,727
Long-term debt	179,765	—	3,330	—	183,095	198,210
Other long-term liabilities	—	110,186	—	—	110,186	48,550
	2,501,797	1,238,310	238,968	52,195	4,031,270	3,475,819
Net Assets:						
Endowments	717,495	441,658	34,581	2,346	1,196,080	973,498
Investment in capital assets	466,896	194,471	112,759	10,691	784,817	771,119
Internally restricted	—	84,468	15,480	9,250	109,198	94,414
Unrestricted	(60,554)	(10,582)	26,950	(7,265)	(51,451)	(95,571)
	1,123,837	710,015	189,770	15,022	2,038,644	1,743,460
	$ 4,194,375	$ 2,530,729	$ 472,748	$ 107,437	$ 7,305,289	$ 6,278,338

Summary

Baccalaureate and Applied Studies Institutions

Statement of Operations and Changes in Financial Position

for the year ended June 30, 2009 *(in thousands)*

	Grant MacEwan University	Mount Royal University	2009 Totals	2008 Totals
Revenue				
Grants	$ 104,020	$ 87,154	$ 191,174	$ 164,177
Sales, rentals and services	25,406	24,408	49,814	48,691
Tuition and related fees	55,568	40,587	96,155	88,579
Education contracts and contract programs	4,808	20,982	25,790	26,278
Investment income	1,308	(5,483)	(4,175)	9,958
Donations and contributions	1,163	4,729	5,892	3,622
Amortization of deferred capital contributions	6,672	6,207	12,879	12,384
Ancillary services	—	—	—	827
	198,945	178,584	377,529	354,516
Expenses				
Salaries, wages and benefits	111,469	121,835	233,304	208,975
Supplies and services	49,429	39,011	88,440	82,311
Amortization of capital assets	13,581	10,117	23,698	22,505
Maintenance, utilities and property tax	4,515	5,152	9,667	9,610
Scholarships and bursaries	1,894	3,435	5,329	4,306
Other	2,931	—	2,931	2,953
	183,819	179,550	363,369	330,660
Excess Revenue over Expenses	$ 15,126	$ (966)	$ 14,160	$ 23,856
Changes in Financial Position				
Cash generated by operations	$ 30,231	$ 2,061	$ 32,292	$ 37,267
Cash used by investing activities	(22,804)	(13,828)	(36,632)	(47,737)
Cash generated by financing activities	10,012	19,022	29,034	10,847
Increase in cash and short-term investments	17,439	7,255	24,694	377
Cash and short-term investments at beginning of year, net of bank indebtedness	85,555	46,979	132,534	132,157
Cash and short-term investments at end of year, net of bank indebtedness	$ 102,994	$ 54,234	$ 157,228	$ 132,534

Unless otherwise stated, Cost of Goods Sold are accounted for as Supplies and Services.

Summary

Baccalaureate and Applied Studies Institutions

Statement of Financial Position

as at June 30, 2009 *(in thousands)*

	Grant MacEwan College	Mount Royal College	2009 Totals	2008 Totals
Assets				
Current:				
Cash and short-term investments	$ 102,994	$ 54,234	$ 157,228	$ 132,534
Accounts receivable	4,283	6,345	10,628	8,508
Inventories	1,988	1,069	3,057	2,195
Prepaid expenses and deposits	1,295	1,839	3,134	2,349
	110,560	63,487	174,047	145,586
Long-term:				
Investments	41,917	73,933	115,850	118,078
Capital assets	255,177	173,397	428,574	420,722
Long-term receivable	—	10,156	10,156	6,197
	$ 407,654	$ 320,973	$ 728,627	$ 690,583
Liabilities and Net Assets				
Current:				
Accounts payable and accrued liabilities	$ 12,885	$ 10,895	$ 23,780	$ 22,543
Accrued vacation pay	7,202	6,551	13,753	11,931
Unearned revenue	5,943	5,551	11,494	11,263
Deferred contributions	23,252	17,881	41,133	38,486
Current portion of long-term debt	2,093	1,673	3,766	3,823
	51,375	42,551	93,926	88,046
Long-term:				
Debt	50,260	42,367	92,627	94,621
Deferred contributions	—	1,142	1,142	8,243
Deferred capital contributions	4,365	27,680	32,045	13,859
Unamortized deferred capital contributions	146,158	125,827	271,985	269,560
	200,783	197,016	397,799	386,283
Net Assets:				
Endowments	25,446	31,727	57,173	51,667
Investment in capital assets	56,665	17,952	74,617	67,641
Internally restricted	70,513	29,706	100,219	93,353
Unrestricted:				
Accumulated excess of revenue over expenses	2,872	82	2,954	1,873
Accumulated net unrealized gain on investments	—	1,939	1,939	1,720
	155,496	81,406	236,902	216,254
	$ 407,654	$ 320,973	$ 728,627	$ 690,583

Unless otherwise stated, Capital Leases are accounted for as Other Liabilities.

Summary

Polytechnical Institutions

Statement of Operations and Changes in Financial Position

for the year ended June 30, 2009 *(in thousands)*

	Northern Alberta Institute of Technology	Southern Alberta Institute of Technology	2009 Totals	2008 Totals
Revenue				
Grants	$ 185,791	$ 150,225	$ 336,016	$ 308,411
Earned revenue programs	35,523	40,853	76,376	74,987
Tuition and related fees	39,549	40,311	79,860	74,186
Donations and fund raising	3,959	4,671	8,630	8,868
Ancillary services	23,357	—	23,357	22,612
Sales, rentals and services	7,654	28,656	36,310	27,708
Investment income	1,156	2,339	3,495	8,243
Amortization of deferred capital contributions	13,690	7,942	21,632	19,487
	310,679	274,997	585,676	544,502
Expenses				
Salaries, wages and benefits	203,868	156,301	360,169	332,633
Supplies and services	60,349	45,072	105,421	102,718
Utilities	8,564	10,052	18,616	18,369
Interest expense	—	3,509	3,509	1,603
Facility rentals	2,578	—	2,578	1,677
Scholarships and bursaries	1,608	3,535	5,143	5,227
Repairs and maintenance	—	13,484	13,484	13,021
Capital amortization	22,583	21,786	44,369	39,367
Loss on disposal of capital assets	—	13	13	622
	299,550	253,752	553,302	515,237
Excess Revenue over Expenses	$ 11,129	$ 21,245	$ 32,374	$ 29,265
Changes in Financial Position				
Cash generated by operating activities	$ 12,629	$ 28,126	$ 40,755	$ 55,276
Cash used by investing activities	(74,819)	(107,830)	(182,649)	(100,409)
Cash generated by financing activities	40,469	97,106	137,575	107,657
Net increase (decrease) in cash and short-term investments	(21,721)	17,402	(4,319)	62,524
Cash and short-term investments at beginning of year	37,963	134,035	171,998	109,474
Cash and short-term investments at end of year	$ 16,242	$ 151,437	$ 167,679	$ 171,998

Summary

Polytechnical Institutions

Statement of Financial Position

for the year ended June 30, 2009 *(in thousands)*

	Northern Alberta Institute of Technology	Southern Alberta Institute of Technology	2009 Totals	2008 Totals
Assets				
Current:				
Cash and short-term investment	$ 16,242	$ 151,437	$ 167,679	$ 171,998
Accounts receivable	10,711	7,938	18,649	19,968
Inventories	5,120	2,116	7,236	5,826
Prepaid expenses	2,018	387	2,405	2,299
Total Current	34,091	161,878	195,969	200,091
Investments	156,756	53,263	210,019	149,312
Capital assets	258,720	358,348	617,068	544,125
Long-term receivable	8,574	—	8,574	8,568
Total Assets	$ 458,141	$ 573,489	$ 1,031,630	$ 902,096
Liabilities and Net Assets				
Current:				
Accounts payable and accrued liabilities	$ 24,715	$ 48,743	$ 73,458	$ 54,420
Unearned revenue	12,415	10,426	22,841	24,379
Current portion of employee benefit liabilities	17,793	12,748	30,541	28,061
Deferred contribution	17,313	10,139	27,452	46,486
Current portion of long-term liabilities	—	3,126	3,126	1,705
Current portion of long-term leases	82	—	82	283
Total Current Liabilities	72,318	85,182	157,500	155,334
Long-term:				
Long-term liabilities	—	159,003	159,003	114,629
Deferred capital contributions	44,312	48,915	93,227	60,389
Long-term leases	—	—	—	48
Employee benefit liabilities	1,390	1,565	2,955	2,444
Unamortized deferred capital contribution	165,080	120,092	285,172	270,112
Total Long-Term	210,782	329,575	540,357	447,622
Net Assets:				
Endowments	21,146	14,286	35,432	28,151
Internally restricted	35,886	—	35,886	34,199
Investment in capital assets	93,558	97,522	191,080	187,535
Unrestricted net assets	24,451	46,924	71,375	49,255
Total Net Assets	175,041	158,732	333,773	299,140
Total Liabilities and Net Assets	$ 458,141	$ 573,489	$ 1,031,630	$ 902,096

Summary

Comprehensive Community Institutions

Statement of Operations and Changes in Financial Position

for the year ended June 30, 2009 *(in thousands)*

	Bow Valley College	Grande Prairie Regional College	Keyano College	Lakeland College	Lethbridge College	Medicine Hat College	NorQuest College
Revenue							
Grants	$ 33,643	$ 26,612	$ 40,539	$ 36,822	$ 43,170	$ 30,285	$ 39,824
Sales, rentals and services	—	4,223	9,178	5,611	8,408	4,076	3,027
Tuition and related fees	13,502	7,197	9,765	10,747	15,649	10,336	14,948
Education contracts and contract programs	13,700	1,635	1,687	2,206	2,736	—	9,027
Investment income	925	905	546	877	878	746	691
Donations and contributions	1,196	876	1,456	186	308	178	910
Amortization of deferred capital contributions	1,462	1,481	3,242	3,292	3,170	1,662	1,721
Ancillary services	1,598	—	—	—	—	—	—
Miscellaneous revenue	—	—	—	2,196	—	—	—
	66,026	42,929	66,413	61,937	74,319	47,283	70,148
Expenses							
Salaries, wages and benefits	41,772	25,741	44,515	31,779	46,582	28,565	45,823
Supplies and services	16,167	12,782	14,196	21,351	17,005	10,587	17,074
Amortization of capital assets	1,943	2,434	4,946	5,497	6,217	3,430	3,669
Maintenance, utilities and property tax	—	1,122	2,079	2,179	1,557	1,242	692
Facilities rental	—	—	—	—	—	—	—
Scholarships and bursaries	618	335	401	355	314	331	—
Other	—	—	951	330	342	218	394
Loss on disposal of capital assets	9	26	36	10	—	—	—
	60,509	42,440	67,124	61,501	72,017	44,373	67,652
Excess of Revenue over Expense	5,517	489	(711)	436	2,302	2,910	2,496
Extraordinary Gain	—	—	—	—	—	—	—
Excess of Revenue over Expense, after Extraordinary Gain	$ 5,517	$ 489	$ (711)	$ 436	$ 2,302	$ 2,910	$ 2,496
Changes in Financial Position							
Cash generated (used) by operations	$ 11,518	$ 1,638	$ 5,702	$ 17,952	$ 3,975	$ 3,016	$ 7,280
Cash generated (used) by investing activities	(85,652)	(12,898)	(6,061)	(6,891)	(6,717)	(20,719)	(5,209)
Cash generated by financing activities	82,619	8,012	2,484	1,945	6,913	17,216	5,035
Increase (decrease) in cash and short-term investments	8,485	(3,248)	2,125	13,006	4,171	(487)	7,106
Cash and short-term investments at beginning of year, net of bank indebtedness	15,291	10,232	13,466	19,629	5,561	14,883	19,552
Cash and short-term investments at end of year, net of bank indebtedness	$ 23,776	$ 6,984	$ 15,591	$ 32,635	$ 9,732	$ 14,396	$ 26,658

Unless otherwise stated, Cost of Goods Sold are accounted for as Supplies and Services.

Summary

Comprehensive Community Institutions

Statement of Operations and Changes in Financial Position (cont.)

for the year ended June 30, 2009 *(in thousands)*

	Northern Lakes College	Olds College	Portage College	Red Deer College	2009 Totals	2008 Totals (Restated)
Revenue						
Grants	$ 28,459	$ 24,746	$ 23,776	$ 51,738	$ 379,614	$ 336,087
Sales, rentals and services	1,776	6,075	2,141	1,421	45,936	44,626
Tuition and related fees	4,907	6,004	2,995	17,402	113,452	104,233
Education contracts and contract programs	245	2,743	2,332	2,655	38,966	34,252
Investment income	322	—	185	962	7,037	11,352
Donations and contributions	136	1,509	140	1,094	7,989	7,482
Amortization of deferred capital contributions	1,384	1,820	1,363	4,708	25,305	21,087
Ancillary services	—	—	—	8,067	9,665	8,932
Miscellaneous revenue	11	—	251	—	2,458	2,278
	37,240	42,897	33,183	88,047	630,422	570,329
Expenses						
Salaries, wages and benefits	22,003	25,849	20,031	54,195	386,855	349,686
Supplies and services	9,147	12,107	9,864	23,242	163,522	139,480
Amortization of capital assets	2,013	3,201	2,137	6,681	42,168	36,276
Maintenance, utilities and property tax	1,386	1,420	750	2,828	15,255	13,772
Facilities rental	461	—	—	—	461	414
Scholarships and bursaries	94	419	363	473	3,703	3,232
Other	770	1,189	—	—	4,194	2,906
Loss on disposal of capital assets	1	5	—	—	87	225
	35,875	44,190	33,145	87,419	616,245	545,991
Excess of Revenue over Expense	1,365	(1,293)	38	628	14,177	24,338
Extraordinary Gain	—	—	170	—	—	—
Excess of Revenue over Expense, after Extraordinary Gain	$ 1,365	$ (1,293)	$ 208	$ 628	$ 14,177	$ 24,338
Changes in Financial Position						
Cash generated (used) by operations	$ 1,957	$ (3,227)	$ 796	$ 3,454	$ 54,061	$ 63,921
Cash generated (used) by investing activities	(8,633)	4,983	(7,738)	(19,760)	(175,295)	(206,241)
Cash generated by financing activities	3,176	7,027	5,915	14,485	154,827	169,826
Increase (decrease) in cash and short-term investments	(3,500)	8,783	(1,027)	(1,821)	33,593	27,506
Cash and short-term investments at beginning of year, net of bank indebtedness	8,356	1,046	2,055	4,103	114,174	86,668
Cash and short-term investments at end of year, net of bank indebtedness	$ 4,856	$ 9,829	$ 1,028	$ 2,282	$ 147,767	$ 114,174

Summary

Comprehensive Community Institutions

Statement of Financial Position

as at June 30, 2009 *(in thousands)*

	Bow Valley College	Grande Prairie Regional College	Keyano College	Lakeland College	Lethbridge College	Medicine Hat College	NorQuest College
Assets							
Current:							
Cash and short-term investments	$ 23,776	$ 6,984	$ 17,596	$ 27,958	$ 9,732	$ 14,396	$ 14,647
Accounts receivable	4,898	2,371	3,029	3,017	2,440	1,364	3,329
Inventories	634	519	425	1,072	632	382	127
Prepaid expenses and deposits	452	375	423	—	1,124	273	710
	29,760	10,249	21,473	32,047	13,928	16,415	18,813
Long-term:							
Non-current cash	—	—	—	4,678	—	—	—
Investments	109,143	19,896	10,522	10,333	30,732	22,519	14,162
Capital assets	113,320	50,794	94,484	65,766	58,927	65,685	36,333
Other assets	—	—	—	7	—	—	—
	$ 252,223	$ 80,939	$ 126,479	$ 112,831	$ 103,587	$ 104,619	$ 69,308
Liabilities and Net Assets							
Current:							
Accounts payable and accrued liabilities	$ 11,518	$ 3,185	$ 2,806	$ 6,137	$ 3,694	$ 2,654	$ 4,558
Accrued vacation pay	2,765	1,622	2,639	2,367	1,067	1,018	3,855
Unearned revenue	3,077	899	1,845	2,277	2,050	888	3,234
Deferred contributions	5,882	4,905	11,520	14,957	2,499	1,376	3,776
Current portion of long-term debt	—	343	—	608	192	107	—
Other current liabilities	—	83	483	—	—	—	179
	23,242	11,037	19,293	26,346	9,502	6,043	15,602
Long-term:							
Debt	—	16,864	5,449	2,869	5,255	3,297	671
Deferred capital contributions	83,994	5,779	4,179	6,400	11,710	16,207	8,273
Unamortized deferred capital contributions	88,744	31,027	64,852	48,286	43,395	45,419	21,054
Other long-term liabilities	263	—	—	—	—	1,297	46
	173,001	53,670	74,480	57,555	60,360	66,220	30,044
Net Assets:							
Endowments	1,680	3,331	2,720	2,262	6,803	3,887	2,071
Investment in capital assets	24,576	4,603	23,700	14,003	10,085	16,861	15,279
Internally restricted	23,505	4,069	—	11,398	9,431	2,114	3,085
Unrestricted:							
Accumulated excess of revenue over expenses	6,219	4,209	7,149	1,991	8,805	9,832	3,123
Accumulated net unrealized gain (loss) on investments		20	(863)	(724)	(1,399)	(338)	104
	55,980	16,232	32,706	28,930	33,725	32,356	23,662
	$ 252,223	$ 80,939	$ 126,479	$ 112,831	$ 103,587	$ 104,619	$ 69,308

Unless otherwise stated, Capital Leases are accounted for as Other Liabilities.

Summary

Comprehensive Community Institutions

Statement of Financial Position (continued)

as at June 30, 2009 *(in thousands)*

	Northern Lakes College	Olds College	Portage College	Red Deer College	2009 Totals	2008 Totals (Restated)
Assets						
Current:						
Cash and short-term investments	$ 4,856	$ 9,829	$ 1,028	$ 18,981	$ 149,783	$ 155,785
Accounts receivable	1,920	3,439	5,967	1,489	33,263	31,053
Inventories	475	457	330	949	6,002	5,371
Prepaid expenses and deposits	185	850	103	478	4,973	3,214
	7,436	14,575	7,428	21,897	194,021	195,423
Long-term:						
Non-current cash	245	—	9,747	—	14,670	15,055
Investments	8,992	22,850	947	37,714	287,810	210,780
Capital assets	31,790	60,638	51,869	117,637	747,243	650,252
Other assets	—	471	—	1,348	1,826	1,330
	$ 48,463	$ 98,534	$ 69,991	$ 178,596	$ 1,245,570	$ 1,072,840
Liabilities and Net Assets						
Current:						
Accounts payable and accrued liabilities	$ 3,299	$ 8,776	$ 1,351	$ 9,584	$ 57,562	$ 57,827
Accrued vacation pay	2,157	2,228	1,610	4,648	25,976	23,179
Unearned revenue	2	1,914	331	2,798	19,315	14,647
Deferred contributions	4,008	5,337	1,256	13,045	68,561	51,249
Current portion of long-term debt	—	211	—	1,738	3,199	1,570
Other current liabilities	466	—	—	82	1,293	1,420
	9,932	18,466	4,548	31,895	175,906	149,892
Long-term:						
Debt	—	2,884	—	13,180	50,469	41,053
Deferred capital contributions	—	11,178	8,691	14,365	170,776	132,193
Unamortized deferred capital contributions	25,265	49,733	45,592	88,520	551,887	475,886
Other long-term liabilities	—	—	—	210	1,816	1,714
	25,265	63,795	54,283	116,275	774,948	650,846
Net Assets:						
Endowments	1,486	7,390	997	10,003	42,630	34,622
Investment in capital assets	6,526	7,810	6,250	15,530	145,223	131,641
Internally restricted	1,012	406	3,006	4,845	62,871	40,065
Unrestricted:						
Accumulated excess of revenue over expenses	4,185	667	907	1,660	48,747	65,040
Accumulated net unrealized gain (loss) on investments	57		—	(1,612)	(4,755)	734
	13,266	16,273	11,160	30,426	294,716	272,102
	$ 48,463	$ 98,534	$ 69,991	$ 178,596	$ 1,245,570	$ 1,072,840

Specialized Arts and Culture Institutions

Alberta College of Art + Design

Statement of Operations and Changes in Financial Position

for the year ended June 30, 2009 *(in thousands)*

	2009	2008
Revenue		
Grants	$ 12,423	$ 11,210
Sales, rentals and services	1,051	995
Tuition and related fees	5,822	5,613
Investment income	277	447
Donations and contributions	435	883
Amortization of deferred capital contributions	863	775
	20,871	19,923
Expenses		
Salaries, wages and benefits	12,753	12,432
Supplies and services	5,738	5,232
Amortization of capital assets	1,207	1,043
Scholarships and bursaries	270	200
Other	507	991
	20,475	19,898
Excess of Revenue over Expenses	$ 396	$ 25
Changes in Financial Position		
Cash generated by operations	$ 2,346	$ 2,349
Cash used by investing activities	(1,171)	(181)
Cash generated by financing activities	619	126
Increase in cash and short-term investments	1,794	2,294
Cash and short-term investments at beginning of year, net of bank indebtedness	9,495	7,201
Cash and short-term investments at end of year, net of bank indebtedness	$ 11,289	$ 9,495

Unless otherwise stated, Cost of Goods Sold are accounted for as Supplies and Services.

Specialized Arts and Culture Institutions

Alberta College of Art + Design

Statement of Financial Position

for the year ended June 30, 2009 *(in thousands)*

	2009	2008
Assets		
Current:		
Cash and short-term investments	$ 11,289	$ 9,495
Accounts receivable	194	490
Inventories	544	562
	12,027	10,547
Long-term:		
Investments	2,804	2,900
Capital assets	4,464	4,596
Other assets	446	500
	$ 19,741	$ 18,543
Liabilities and Net Assets		
Current:		
Accounts payable and accrued liabilities	$ 1,058	$ 1,093
Accrued vacation pay	719	834
Unearned revenue	354	275
Deferred contributions	5,752	4,556
Other current liabilities	25	23
	7,908	6,781
Long-term:		
Deferred capital contributions	446	519
Unamortized deferred capital contributions	3,585	3,766
Other long-term liabilities	144	59
	4,175	4,344
Net Assets:		
Endowments	2,274	2,137
Investment in capital assets	740	778
Internally restricted	1,745	2,310
Unrestricted:		
Accumulated excess of revenue over expenses	2,842	2,126
Accumulated net unrealized gain on investment	57	67
	7,658	7,418
	$ 19,741	$ 18,543

Unless otherwise stated, capital leases are accounted for as "Other Liabilities".

Specialized Arts and Culture Institutions

The Banff Centre

Statement of Operations and Changes in Financial Position

for the year ended March 31, 2010 *(in thousands)*

	2010	2009
Revenue		
Grants	$ 19,093	$ 18,329
Accommodation	10,683	12,237
Sales, rentals and services	10,182	10,724
Tuition and related fees	3,799	5,654
Investment income	694	547
Donations and other contributions	4,785	6,102
Amortization of deferred capital contributions	2,426	2,441
	51,662	56,034
Expenses		
Salaries, wages and benefits	28,955	30,044
Scholarships and financial assistance	3,604	3,882
Change in employee future benefit obligation	781	130
Supplies and materials	4,029	4,779
Facility operating	3,348	4,733
Purchased services	3,273	3,336
Travel, training and related costs	1,312	1,844
Financial costs	919	675
Marketing and promotion	621	827
Rentals and equipment	955	1,176
Amortization of capital assets	3,759	3,774
Loss on disposal of capital assets	(13)	3
	51,543	55,203
Excess Revenue over Expenses	$ 119	$ 831
Changes in Financial Position		
Cash generated from operating activities	$ 3,888	$ 6,069
Cash applied to investing activities	(31,064)	(13,244)
Cash generated from financing activities	25,794	10,936
(Decrease) increase in cash	(1,382)	3,761
Cash at beginning of year	5,012	1,251
Cash at end of year	$ 3,630	$ 5,012

Specialized Arts and Culture Institutions

The Banff Centre

Statement of Financial Position

as at March 31, 2010 *(in thousands)*

	2010	2009
Assets		
Current:		
Cash and short-term investments	$ 18,531	$ 27,461
Accounts receivable	11,527	8,845
Inventories	424	437
Prepaid expense	75	189
	30,557	36,932
Note receivable	679	683
Long-term investments	18,529	12,750
Capital assets	128,640	93,711
Long-term pledges receivable	10,476	9,579
	$ 188,881	$ 153,655
Liabilities and Net Assets		
Current:		
Accounts payable	$ 8,658	$ 3,512
Accrued vacation pay	1,434	1,421
Unearned revenue	1,772	1,742
Deferred contributions	6,078	4,217
Long-term debt due within one year	287	276
	18,229	11,168
Long-term:		
Deferred contributions	23,778	35,909
Employment related liabilities	2,803	1,895
Long-term debt	1,727	1,835
Deferred expended capital contributions	109,175	75,586
	137,483	115,225
Net Assets:		
Endowments	18,357	12,569
Operating net assets	14,812	14,693
	33,169	27,262
	$ 188,881	$ 153,655

Disclosure of Salaries and Benefits for President Positions

	for the year ended	Base Salary	Other Cash Benefits	Other Non-Cash Benefits	Total
			(1)	(2)	
Comprehensive Academic and Research Institutions	March 31, 2010				
University of Alberta		$ 479,000	$ 222,000	$ 235,000	$ 936,000
University of Calgary (1)		442,000	—	409,000	851,000
University of Lethbridge		354,000	80,000	97,000	531,000
Athabasca University		362,000	31,000	136,000	529,000
Baccalaureate and Applied Studies Institutions	June 30, 2009				
Grant MacEwan University		265,000	1,000	72,000	338,000
Mount Royal University		257,000	55,000	88,000	400,000
Polytechnical Institutions	June 30, 2009				
Northern Alberta Institute of Technology		276,000	104,000	161,000	541,000
Southern Alberta Institute of Technology		217,000	87,000	163,000	467,000
Comprehensive Community Institutions	June 30, 2009				
Bow Valley College		205,210	52,406	22,589	280,205
Grande Prairie Regional College		186,544	—	46,572	233,116
Keyano College		198,075	23,280	17,053	238,408
Lakeland College		210,000	18,313	21,750	250,063
Lethbridge College		214,255	—	29,209	243,464
Medicine Hat College		204,041	—	51,874	255,915
NorQuest College		188,096	—	119,603	307,699
Northern Lakes College		146,916	52,753	28,074	227,743
Olds College		193,517	15,892	44,005	253,414
Portage College		165,603	2,088	58,330	226,021
Red Deer College		192,989	—	88,342	281,331
Specialized Arts and Culture Institutions					
Alberta College of Art + Design	June 30, 2009	225,000	109,985	29,991	364,976
The Banff Centre	March 31, 2010	302,000	—	39,000	341,000

(1) For this year, University of Calgary has incumbent and past incumbent; the sum of these positions is shown on the table.

Summary of Significant Accounting Policies

Post-secondary institutions prepare their financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. The following are significant accounting policies followed by these entities:

- Revenues and expenses are recognized on an accrual basis.
- Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services rendered.
- Unrestricted contributions are recognized as revenues when received.
- Capital grants are recorded as deferred contributions until the amounts are invested in capital assets.
- Once capital grants are invested in capital assets, the amounts are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.
- Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.
- Endowment contributions are recognized as direct increases in net assets in the period in which they are received.
- Contributions for capital assets that will not be amortized, such as land and art collections, are recorded as direct increases in net assets in the period the assets are acquired.
- Capital assets are recorded at cost when acquired. Capital assets are amortized based on amortization policies set by post-secondary institutions.
- Donated assets are recorded at fair value where fair value is reasonably determined.
- Inventories of merchandise for resale are valued at the lower of cost and net realizable value. Inventories of supplies for consumption are valued at the lower of cost and replacement value.
- Short-term investments are recorded at the lower of cost or market value. Long-term investments are recognized at market value.

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Endnotes

Endnote A

Surveys Conducted by an External Contractor

Post-Secondary Graduate Outcomes Survey

The Post-Secondary Graduate Outcomes Survey is conducted every other year. Graduates of publicly funded post-secondary institutions are surveyed two years after graduation. The most recent survey was conducted January to April 2010 by an independent third-party contractor.

Graduates were surveyed by telephone and Internet about their employment outcomes upon graduating, further studies undertaken, and satisfaction with the overall quality of their educational experience. For smaller institutions, a census survey method which attempts to obtain responses from all graduating students was used. Interviews were conducted with 9,811 graduates from parchment programs at 26 Alberta publicly funded post-secondary institutions. Although this sample size is substantially smaller than in previous years (a completion rate of 29%), the response rate was high (the percentage of those successfully contacted who were willing to participate was over 50%). Confidence levels and margins of error continue to be comparable with previous survey cycles: the number of responses achieved a 95% confidence level, with a 0.9% confidence interval (or "margin of error").

Satisfaction questions are based on a four-point scale. Satisfaction rates are the combined results "somewhat satisfied" and "very satisfied." The percentage result is calculated by dividing the total "somewhat satisfied" and "very satisfied" responses by the total number of survey respondents, including respondents who answered "don't know." Results presented are the combined percentages of respondents who were very satisfied / satisfied. No responses were excluded.

The question set used will be included in the next update of the Key Performance Indicators Reporting System (KPIRS) manual for Alberta's Post-Secondary Institutions, available online at: aet.alberta.ca/post-secondary/funding/supportsinstitutions/resources/data.aspx

Survey of Apprenticeship Graduates

Surveys of recent apprenticeship graduates are conducted every other year. The last survey was conducted in 2009, with 3,484 interviews of apprentices who had graduated between August 1, 2007 and July 31, 2008. Graduates were surveyed by telephone about their satisfaction with the apprenticeship and industry training system. Survey findings were published on May 22, 2009 in the report Survey of 2007-08 Graduates of the Apprenticeship System – Key Performance Indicators.

Satisfaction questions are based on a four-point scale. Satisfaction rates are the combined results "somewhat satisfied" and "very satisfied." The percentage result is calculated by dividing the total "somewhat satisfied" and "very satisfied" responses by the total number of survey respondents, including respondents who answered "don't know."

Respondents who had not completed any technical training or who had completed their technical training prior to starting their apprenticeship were omitted from this portion of the analysis. This represents about 11% of the apprentice graduate population.

In order to provide detailed analysis by trade group, training institute and region, the sampling frame included a census of the populations of both cohorts, with a minimum number of completed interviews attained for each cohort. The following table provides the sample size and confidence interval for each cohort.

Cohort	Expected Completed Interviews	Expected Confidence Interval
1. Graduates who attended technical training and completed on-the-job training requirements of their trade in the 2007-08 school year	2,235	±1.3%
2. Graduates who completed their apprenticeship program in the 2007-08 school year, but did not attend technical training in that year	1,481	±1.8%
	3,716	±1.1%

Based on the sampling method identified above, a minimum of 3,716 completed interviews was to be conducted from the two cohorts. The population of 2007-08 graduates of apprenticeship training was split 56% to 44% respectively between those who completed both their technical training and on-the-job training requirements in the 2007-08 school year and those who had completed their technical training prior to the 2007-08 school year (or were not required to take any technical training during their apprenticeship).

Cohort	Completed Interviews	Confidence Interval
1. Graduates who attended technical training and completed on-the-job training requirements of their trade in the 2007-08 school year	2,046	±1.5%
2. Graduates who completed their apprenticeship program in the 2007-08 school year, but did not attend technical training in that year	1,438	±1.9%
	3,484	±1.1%

Despite the shortfall in the number of survey completions, the quality of the results reported remains high: overall survey results have a margin of error of no greater than ±1.1% at the 95% confidence level (or 19 times out of 20). Based on the outcome of all call attempts, a response rate of 55% was achieved for Cohort 1 and 49% for Cohort 2, with an overall response rate of 52%.

Public Satisfaction Survey

The Ministry of Advanced Education and Technology collaborates with the Ministry of Education to commission an annual telephone survey of random samples of the Alberta public. The purpose of this survey is to obtain perceptions of how the education system is performing in meeting learners' and society's needs and expectations. A professional survey research firm is contracted to conduct the survey, compile results, and provide them to the Ministries. Results were published in the report *Satisfaction with Education in Alberta: 2009/10 Public/Adult Learners/Adult Non-Learner Survey*, in April 2010.

The survey instrument uses a four-point response scale (very satisfied / satisfied / dissatisfied / very dissatisfied or strongly agree / agree / disagree / strongly disagree), depending on the question. Don't know responses and refusals are recorded as well. Results presented are the combined percentages of respondents who were very satisfied / satisfied, or who strongly agreed / agreed.

The measure under Goal 1, Public satisfaction that adult Albertans can access education or training, included respondents who had taken education or training in the last 12 months ("learners") and those who had not ("non-learners"). Learners were asked about their level of satisfaction regarding the statement "you are able to access the education or training you want" and non-learners were asked, "how satisfied are you that most adults are able to access the education or training they want?"

Because sampling variation can account for some differences in results from year to year, the following table provides historical sampling information for the public survey. The information includes the respondent groups surveyed, sample sizes and the confidence intervals for results from the survey. Results are considered accurate at a confidence level of 95% (or 19 times out of 20). For more information on confidence intervals (or "margin of error"), see Endnote B.

Survey	Public (re adult learning system)		Adult Learners		Adult Non-Learners	
	Sample	Confidence Interval	Sample	Confidence Interval	Sample	Confidence Interval
2005-06	3,000	±1.8%	1,049	±3.0%	1,951	±2.2%
2006-07	3,000	±1.8%	986	±3.1%	2,014	±2.2%
2007-08	3,000	±2.2%	972	±3.1%	2,028	±2.2%
2008-09	1,500	±2.5%	483	±4.5%	1017	±3.1%
2009-10	1,510	±2.5%	443	±4.7%	1067	±3.0%

Endnote B

Use of Confidence Intervals for Interpreting Survey Results

When a result is obtained by surveying a random sample of the target population (e.g. the public, graduates), there is a confidence interval associated with the result, which is expressed as a percentage above and below the obtained result (e.g. ±2.5%). A confidence interval indicates how much variation one might expect from the obtained survey result, as a consequence of sampling and diversity among respondents. This makes it possible to determine whether differences in survey results over time are likely the result of sampling variations (differences falling within the confidence interval or "margin of error"), or whether they represent actual change.

When comparing results of survey questions over time or among respondent groups, if there is no overlap between the confidence intervals of the two observed values, then the difference between the two results is considered to be a real difference 19 times out of 20. When the confidence intervals of the two observed values do overlap, the difference is attributable to sampling variation, and we cannot conclude that the difference is real.

The following hypothetical examples illustrate:

a) *two survey results where the confidence intervals overlap: no real difference in results*

Where two survey results are 76% and 80%, both with a confidence interval of 2.5%, then the upper limit of the confidence interval for the 76% result is 78.5%, and the lower limit of the confidence interval of the 80% result is 77.5%. Since the confidence intervals overlap, it cannot be concluded that there is a real difference between the two survey results, as the observed difference could be due to sampling variation.

b) *two survey results where the confidence intervals do not overlap: a real difference in results*

If the two survey results are 74% (with a confidence interval of 2.5%) and 80% (also with a confidence interval of 2.5%), the upper limit of the confidence interval for the 74% result is 76.5%, and the lower limit of the confidence interval of the 80% result is 77.5%. Since the confidence intervals do not overlap, it can be concluded that there is a real difference between the two survey results, as sampling variation alone does not account for the observed difference.

Endnote C

Statistics Canada's Labour Force Survey

Statistics Canada's Labour Force Survey (LFS) is a monthly, Canada-wide survey of a representative sample of households in the provinces and territories. Data are collected on all members of the household who are 15 years of age or older. Excluded from the survey's coverage are persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Armed Forces, and the institutionalized population. These groups together represent an exclusion of less than 2% of the Canadian population aged 15 and over.

The Canadian sample size for the LFS averaged 53,359 households in 2009. Alberta's sample size corresponds to its share of the population: an average of 5,397 Alberta households were surveyed each month.

The confidence interval (the standard margin of error as a percentage of the reported result), varies and is proportional to the sample size. The average number of respondents per month in the special tabulation 18-34 years is 1,099.1.

Population	Age Group	Average Respondents per Month	Estimate of Albertans 18-34 participating in post-secondary education for 2009	Coefficient of Variation
All Albertans	18-34	1,099.1	158,600	2.5%

The measure under Goal 2, "Proportion of Albertans aged 18-34 participating in post-secondary education," includes respondents who reported attending a college, university, or other post-secondary institution.

Additional information on the Labour Force Survey Methodology and interpreting Labour Force Survey confidence intervals (also known as coefficients of variation) is available on pages 26-31 of the Guide to Labour Force Survey, 2009, Catalogue no. 71-543-G, available online from Statistics Canada: www.statcan.gc.ca/pub/71-543-g/71-543-g2009001-eng.pdf

Endnote D Learner Enrolment Reporting System

The Learner Enrolment Reporting System (LERS) is a database used by the Ministry to track changes in learner demographics and characteristics in the advanced education system. Publicly funded institutions submit their credit programs enrolment data to the Ministry. These data are subject to a host of accountability constraints and are signed off by institutional and Ministry officials once verified. Data for Alberta's publicly funded institutions are reported in LERS for the academic year (May to April for comprehensive academic and research institutions; July to June for the Alberta College of Art and Design, baccalaureate and applied studies institutions, polytechnical institutions, and comprehensive community institutions; and May to April for independent academic institutions). Finalized data are available in the fall for the previous academic year.

Over the past year, the Ministry has worked hard to eliminate instances of "double counting" students that attend more than one program or institution during the same academic year. As a result of this work, an updated methodology has been put into place regarding the calculation of unique students. Where the previous methodology only looked at eliminating duplicates at the institutional level (using institution specific IDs), the new updated methodology uses the Alberta Student Number (ASN) values (and uses provider codes and institution specific student IDs for those records with no ASN value) to identify common students among various institutions.

This methodology change has made targets for LERS-derived measures, published in the 2009-12 Business Plan, less relevant than they would otherwise be. Consequently, while measures must still be measured against the published targets, their status as met, missed, or exceeded should be interpreted with caution.

Endnote E International Visa Students Registered at Alberta Post-Secondary Institutions

The total number of international students has been defined as the total unduplicated headcount of students who require a visa to study in Canada and are physically attending a publicly-funded post-secondary institution in Alberta at some point during the academic year. Learners taking online classes from their home country are not included in this measure. Athabasca University is not a campus-based institution, and therefore Athabasca University enrolments have not been included since all students are taking online courses.

Data are provided by institutions and stored in the Learner Enrolment Reporting System (LERS). Implementation of the improved method of counting unique students in LERS (using the Alberta Student Number or ASN) requires that historical values be restated: the international student values for 2004-05 and on have all been restated using the updated methodology. (See Endnote D for more information on LERS.)

Endnote F High School to Post-Secondary Education Transition Rate

The high school to post-secondary transition rate reports the percentages of Alberta students in public, separate, francophone, charter, and private schools who, within ten years of starting Grade 10:

- enrolled in a credit program, part-time or full-time, in an Alberta post-secondary institution, or
- registered in an apprenticeship program other than the Registered Apprenticeship Program for high school students.

Students are tracked using data from the Ministry of Education and the Ministry of Advanced Education and Technology databases. The high school to post-secondary transition rate includes adjustments for attrition and for attendance at post-secondary institutions out of province. Attrition adjustments are based on estimates from Statistics Canada's Annual Demographic Statistics (Catalogue #91-213-XPB). The estimate of Alberta students attending post-secondary institutions out of province uses aggregate student counts from Alberta Advanced Education and Technology's enrolment and Students Finance systems. Students whose education is not the responsibility of the provincial government, as well as students who are identified as having cognitive disabilities or a severe multiple disability are not included in the high school to post-secondary transition rate.

Note: The 2006-07 result published in the 2009-12 Ministry business plan used a different method to calculate the initial cohort size: the redefined cohort is now larger than before. As well, where previously all LERS enrolments were considered post-secondary enrolments, now post-secondary enrolments are identified using CIP (Classification of Instructional Programming) codes, lowering the number included. These two factors combine to change the previously published result for 2006-07 from 67.5% to 65.2%.

Endnote G New Apprentices Registrations

This measure averages five years of annual new apprenticeship registrations to smooth out any sharp rises or drops in the level that could occur in any particular year, and give a better understanding of long-term trends in apprenticeship registrations. The 2009 figure averages new registrations from 2005 to 2009.

New apprentices include all apprentices that register during the calendar year. It includes those returning to do an additional apprenticeship after completing one or more apprenticeships in previous years and those continuing an apprenticeship in another trade for which they registered in a previous year. Apprentices who registered in more than one trade or branch of a trade within the year are counted only once. The number does not include re-instated apprentices (unless re-instated in the same year).

The source of this data is a database shared by Education and Advanced Education and Technology: the Apprenticeship Trades, and Occupations Management System (ATOMS). ATOMS is a dynamic database, updated constantly by field staff across the province. Therefore, the data generated is only as up to date as the last update provided from staff. The data is not frozen and results can vary if pulled at different times. Consequently, data pulled for this measure on a particular date cannot be replicated from ATOMS at a later date.

Endnote H Participation of Aboriginal Learners at Post-Secondary Institutions

Aboriginal participation in post-secondary education is measured by the total unduplicated headcount of Aboriginal learners who have registered at publicly funded post-secondary institutions. Data are collected from the institutions and entered into the Learner Enrolment Reporting System (LERS).

This measure includes all Aboriginal learners who self-identified as Status Indian/First Nations, Non-Status Indian/First Nations, Métis, or Inuit participating at Alberta's publicly funded post-secondary institutions. Because Aboriginal status is self-disclosed, the count of registrations may be lower than the actual number of Aboriginal learners participating in the system.

Implementation of the improved method of counting unique students in LERS (using the Alberta Student Number or ASN) requires that historical values be restated: the Aboriginal student values for 2004-05 and on have all been restated using the updated methodology. (See Endnote D for more information on LERS.)

Endnote I Graduates who Received the Transfer Credit they Expected

In the Post-Secondary Graduate Outcomes Survey, graduates (class of 2007-08) with prior learning were asked if they received the transfer credit they expected. Results reported include only those who responded yes (other response options included, "no," "don't know," and no response). (See Endnote A for more information on the Post-Secondary Graduate Outcomes Survey.)

Endnote J Program was Worth the Financial Cost

In the Post-Secondary Graduate Outcomes Survey, graduates (class of 2007-08) were asked if they considered the program they graduated from to be worth the financial cost to themselves and/or their family. The responses "agree" and "strongly agree" were combined to obtain the result. (See Endnote A for more information on the Post-Secondary Graduate Outcomes Survey.)

Endnote K Public Agreement that Post-Secondary Education is Accessible

Through the annual public satisfaction survey, Albertans were asked, "How satisfied are you that programs, classes or courses you want are offered in locations (including online) that are easily accessible for you?" The result shows the combined responses "satisfied" and "very satisfied." (See Endnote A for more information on the Public Satisfaction Survey.)

Endnote L Ratio of Debt at Graduation to Income Two Years After

The Post-Secondary Graduate Outcomes Survey, graduates (class of 2007-08), identifies graduates who had education-related debt at the time of their graduation and were employed two years after graduation. The ratio of debt to income is calculated by dividing median debt by median income. Results for this measure reflect only respondents reporting education-related debt.

For the 31.4% reporting being employed and having education-related debt after graduating, the median debt-to-income ratio was 35.9%. Respondents who reported no debt comprise 42.7% of the total respondents, and those who did not answer either of the questions comprise 0.3% of the total. (See Endnote A for more information on the Post-Secondary Graduate Outcomes Survey.)

Endnote M Scholarship Dollars per Full-Time Student

Scholarship dollars per full-time student are determined by the total scholarship expenditures divided by the total number of full-time students in Alberta's post-secondary institutions. Scholarship expenditure data come from Advanced Education and Technology's Learner Assistance Sector and includes Department expenditures on Achievement Scholarships. Enrolment data come from the Learner Enrolment Reporting System (LERS).

Implementation of the improved method of counting unique students in LERS (using the Alberta Student Number or ASN) requires that historical values be restated: values for 2004-05 and on have all been restated using the updated methodology. (See Endnote D for more information on LERS.)

Endnote N Albertans Employed in Priority Areas

Alberta's priority area company employment information comes from Statistics Canada's Labour Force Survey. (See Endnote C for more information on the Labour Force Survey.)

Priority areas in this measure relate specifically to high-tech industries in a wide range of sectors. Priority area (high-tech) companies are defined by the following North American Industry Classification System (NAICS) codes:

3254 - Pharmaceutical and Medicine Manufacturing
334 - Computer and Electronic Manufacturing
3353 - Electrical Equipment Manufacturing
3359 - Other Electrical Equipment and Component Manufacturing
3364 - Aerospace Product and Parts Manufacturing
5112 - Software Publishers
5152 - Pay and Specialty Television
516 - Internet Publishing and Broadcasting
517 - Telecommunications
5182 - Data Processing, Hosting, and Related Services
5191 - Other Information Services
5413 - Architectural, Engineering and Related Services
5415 - Computer Systems Design and Related Services
5416 - Management, Scientific and Technical Consulting Services
5417 - Scientific Research and Development Services
6215 - Medical and Diagnostic Laboratories
8112 - Electronic and Precision Equipment Repair and Maintenance

Note: While the measure "Graduate students studying in priority areas" also uses the term "priority areas," it refers to the four Government of Alberta priority areas delineated by the Alberta Innovates corporations – bio-industries, energy and environment, health, and technology commercialization – and not specifically to high-tech industries.

Endnote O Canadian Venture Capital Invested in Alberta

Data on Canadian venture capital comes from the VCReporter™ system provided by Thomson Financial, available at www.canadavc.com. VCReporter™ is a dynamic database, allowing the data that is stored to be supplemented with additional data. Data from earlier periods can be added at a later date, providing more accurate depictions at the later date. Data for 2009 were retrieved on June 2, 2010 from VCReporter™ to calculate the percentage of Canadian VC funds invested in Alberta's strategic priority areas.

The following parameters are used consistently each year so that results are comparable year to year:

- Data is collected for each quarter of the reporting year.
- Data is collected for **both** new fundings and follow-on fundings.
- Data is collected for the Life Sciences, Information and Communications Technology, and Other Technologies. (i.e. Energy and Environmental, Lighting & Electrical, Media & Entertainment, Other Technologies, and Specialty Chemicals and Advanced Materials)
- Data is not collected for Traditional Industries. (i.e. Consumer Products & Services, Finance, Manufacturing, Miscellaneous, and Retail)
- Data is collected for early stage deals. (i.e. Seed, Start-up, and Other)
- Data is collected for only one set of later stage deals. (i.e. Expansion)
- Data is not collected for all other later stage deals. (i.e. Acquisition/Buyout, Turnaround, and Other Stage)
- Data is collected for all size deals. (i.e. from less than $500,000 through over $5 million)
- Data is collected for all types of investors.
- The above data is also re-collected for all prior years to check for changes since the database is dynamic.

Note: "Canadian Venture Capital" in this measure includes foreign investments. It expresses venture capital investment in Alberta as percentage of all venture capital investment in Canada.

Endnote P Business Expenditure on Research and Development

Industrial Research and Development: Intentions (Catalogue Number: 88-202-XIE) is an annual Statistics Canada survey report that summarizes a suite of measures relating to business expenditures in research and development in Canada.

"Research and development expenditures" refers to intramural research and development (R&D) expenditures (i.e. expenditures performed within the reporting unit) and extramural R&D expenditures (i.e., payments for R&D performed outside the reporting unit). Both current costs and capital expenditures are measured. In the case of the government sector, expenditures refer to direct (i.e. those expenditures on pure R&D such as expenditures of a research lab) rather than indirect expenditures (i.e. those expenditures that support the R&D activity such as transportation, storage, cleaning, repair, and security). Depreciation is excluded.

This annual survey is conducted by Statistics Canada and is aimed at all Canadian industries known to be performing or funding more than $1.5 million in research and development. The survey is mailed to respondents in September each year.

The survey collects a suite of data pertaining to four different calendar years. For example, the 2006 survey (conducted in 2007) collects data on actual R&D spending in 2005 and 2006, on the preliminary figures for 2007, and on the spending intentions for 2008. Because the survey is a continuous, self-reporting process, previous data may be occasionally restated.

From this suite of indicators, the survey data specific to provincial business expenditures on research and development is most easily obtained from the Statistics Canada's CANSIM (Canadian Socio-economic Information Management System) Gross Expenditures of Research & Development (GERD) in Canada series summary tables. This data is officially released by Statistics Canada in late January of each year.

Advanced Education and Technology relies on and accepts Statistics Canada's quality assurance and data accuracy. For further information on methodology, see Statistics Canada's Research and Development in Canadian Industry survey methodology available at www.statcan.gc.ca.

National-level data contains data for the two most recent years; however, these are only preliminary estimates (intentions) which have not yet been developed for the provincial/regional level. Consequently, provincial data is reported with a two year time lag.

Endnote Q

Total Sponsored Research Revenue Attracted by Alberta Universities

This measure provides an indicator of the value of sponsored research at Alberta universities (comprehensive academic and research institutions). The main funding sources include the provincial and federal governments, industry and non-profit organizations. Sponsored research revenues are those received outside of the university base operating grant and include both research grants and research contracts. This performance measure reflects research capability in Alberta through the success of its major universities in attracting sponsored research funding from several sources.

In the past, sponsored research revenue data was collected directly from the institutions; however, to ensure better comparability to other jurisdictions and improved business-related analyses, the Ministry has used data from the Canadian Association of University Business Officers (CAUBO). Because of this methodology change, data has been restated for the period from 2004-05 to 2007-08.

Data are for the fiscal year, and there is a one-year lag in reporting data due to the time required for CAUBO to assemble and publish the data in the Financial Information of Universities and Colleges report.

Endnote R

Total Sponsored Applied Research Revenue Attracted by Alberta Technical Institutes and Colleges

Total sponsored applied research revenue attracted by Alberta technical institutes and colleges measures the growth of the research capacity and capability of baccalaureate and applied studies institutions, polytechnical institutions, comprehensive community institutions, and specialized arts and culture institutions in the province. Data are reported based on standardized sponsored research reporting templates submitted by each institution to the Ministry of Advanced Education and Technology. Questions from the institutions about the guidelines, reporting of data and the final data collection are directed to a Ministry representative. Data are compiled by this representative and verified by management before they are published in the annual report.

Data for 2005-06 have been revised from $6.7 million to $3.7 million due to a revision of technical institute data. Sponsored research revenue is submitted in thousands; however, NAIT reported in actual dollars its 2005-06 sponsored research revenue amount of $2,986 from Western Economic Development Canada making it appear to be an award of $2.986 million, inflating the total amount reported. On June 20, 2008, this error was discovered and corrected. The adjustment to the NAIT total is reflected in the total colleges and technical institutes sponsored research revenue for 2005-06, which has been adjusted from the original $6.7 million to a restated total of $3.7 million.

Endnote S

Graduate Students Studying in Alberta

A graduate student is defined as a person enrolled in a program leading towards a masters- or doctoral-level degree, including those enrolled in post-degree certificate and diploma programs containing courses that are equivalent to those offered in masters or doctoral programs, and including medical resident students.

A learner participating in a graduate-level course counts as one student. The measure does not differentiate between part-time and full-time learners or between masters, doctoral and post-doctoral students. Data come from the Learner Enrolment Reporting System (LERS). (See Endnote D for more information on LERS.)

Implementation of the improved method of counting unique students in LERS (using the Alberta Student Number or ASN) requires that historical values be restated: the graduate student values for 2004-05 and on have all been restated using the updated methodology.

Endnote T

Percentage of Graduate Students Studying in Priority Areas

The proportion of graduate students studying in priority areas of energy, life sciences, nanotechnology, and information and communications helps show if the province has people with the right skills and knowledge to drive and diversify Alberta's economy.

Data for 2004-05 to 2007-08 have been restated after implementing a new method to identify priority areas. All programs listed at the graduate level were reviewed, and a decision was made to use the 4-digit CIP (Classification of Instructional Programming) code as the primary indicator as to whether a specialization falls within a given priority area. Consequently, some previously included specializations have been excluded, and some others newly included.

Statement of Remissions, Compromises and Write-offs

for the year ended March 31, 2010 *(in thousands)*

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. This statement includes all remissions, compromises and write-offs made or approved during the fiscal period.

Remissions under Section 21 of the *Financial Administration Act*	$ 29,959
Compromises under Section 22 of the *Financial Administration Act*	24
Write-offs – Implemented Guarantees, Indemnities, Loans and Advances – Section 20 of the *Student Financial Assistance Act*	1,056
Total remissions, compromises and write-offs	$ 31,039

Statement of Guarantees and Indemnities given by the Crown and Provincial Corporations

for the year ended March 31, 2010 *(in thousands)*

The following has been prepared pursuant to Section 75 of the *Financial Administration Act*. The statement summarizes the amounts of all guarantees given by the Crown through the Ministry of Advanced Education and Technology under the *Student Loan Act* for the year ended March 31, 2010, the amounts paid as a result of liability under guarantees, and the amounts recovered on debts owing as a result of payments under guarantees.

	Amount of Guarantee	Payments	Recoveries
Crown Guarantees	$ —	289	917

Contact Information

Ministry

Organization	*Website / Phone*
Advanced Education and Technology	aet.alberta.ca
Minister's Office	780-427-2025
Deputy Minister's Office	780-415-4744
Post-Secondary Excellence	780-427-5607
Community, Learner and Industry Connections	780-422-1185
Research and Innovation	780-415-6019
Advanced Technology Industries	780-422-1414
Corporate Services	780-427-2648
Human Resources	780-427-2210
Communications	780-422-5400
Entities	
Access to the Future Fund	aet.alberta.ca/post-secondary/funding/supportsinstitutions/aff.aspx 780-644-3183
Alberta Enterprise Corporation	alberta-enterprise.ca 780-392-3901
Alberta Innovates – Bio Solutions	www.albertainnovates.ca/bio 780-427-1956
Alberta Innovates – Energy and Environment Solutions	www.albertainnovates.ca/energy 403-297-7089
Alberta Innovates – Health Solutions	www.albertainnovates.ca/health 780-423-5727
Alberta Innovates – Technology Futures	www.albertainnovates.ca/technology 780-450-5111
Advisory Boards, Councils and Authorities	
Access Advisory Council	aet.alberta.ca/ministry/agencies/caadvisory/aac.aspx 780-644-3183
Alberta Apprenticeship and Industry Training Board	www.tradesecrets.gov.ab.ca 780-427-8765
Alberta Council on Admissions and Transfer	www.acat.gov.ab.ca 780-422-9021
Alberta Research and Innovation Authority	www.albertainnovates.ca/research 780-427-1488
Campus Alberta Quality Council	www.caqc.gov.ab.ca 780-427-8921
Students Finance Board	aet.alberta.ca/ministry/agencies/caadvisory/sfb.aspx 780-415-4597

Contact Information

Publicly Funded Post-Secondary Institutions

Institution	*Website*	*Phone*
Comprehensive Academic and Research Institutions		
University of Alberta	ualberta.ca	780-492-3111
University of Calgary	ucalgary.ca	403-220-5110
University of Lethbridge	uleth.ca	403-329-2111
Athabasca University	www.athabascau.ca	780-675-6100
Baccalaureate and Applied Studies Institutions		
Grant MacEwan University	www.macewan.ca	780-497-5040
Mount Royal University	www.mtroyal.ca	403-440-6111
Polytechnical Institutions		
Northern Alberta Institute of Technology	www.nait.ca	780-471-6248
Southern Alberta Institute of Technology	sait.ca	403-284-7248
Comprehensive Community Institutions		
Bow Valley College	bowvalleycollege.ca	403-410-1400
Grande Prairie Regional College	www.gprc.ab.ca	780-539-2911
Keyano College	keyano.ca	780-791-4800
Lakeland College	lakelandcollege.ca	780-853-8400
Lethbridge College	www.lethbridgecollege.ca	403-320-3200
Medicine Hat College	www.mhc.ab.ca	403-529-3811
NorQuest College	www.norquest.ab.ca	780-644-6000
Northern Lakes College	www.northernlakescollege.ca	780-751-3200
Olds College	oldscollege.ca	430-556-8281
Portage College	www.portagec.ca	780-623-5551
Red Deer College	rdc.ab.ca	403-342-3300
Specialized Arts and Culture Institutions		
Alberta College of Art + Design	acad.ab.ca	403-284-7600
The Banff Centre	www.banffcentre.ca	403-762-6100
Independent Academic Institutions		
Ambrose University College	www.ambrose.edu	403-410-2000
Canadian University College	cauc.ca	403-782-3381
Concordia University College	concordia.ab.ca	780-479-8481
St. Mary's University College	stmu.ab.ca	403-531-9130
The King's University College	www.kingsu.org	780-465-3500

Publicly Funded Post-Secondary Institutions

Main Campuses

FORT McMURRAY	Keyano College
GROUARD	Northern Lakes College
GRANDE PRAIRIE	Grande Prairie Regional College
LAC LA BICHE	Portage College
ATHABASCA	Athabasca University
EDMONTON	University of Alberta Grant MacEwan University Northern Alberta Institute of Technology NorQuest College Concordia University College The King's University College
VERMILION	Lakeland College
LACOMBE	Canadian University College
RED DEER	Red Deer College
OLDS	Olds College
BANFF	The Banff Centre
CALGARY	University of Calgary Mount Royal University Southern Alberta Institute of Technology Bow Valley College Alberta College of Art + Design Ambrose University College St. Mary's University College
MEDICINE HAT	Medicine Hat College
LETHBRIDGE	University of Lethbridge Lethbridge College

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